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WORLD NEWS

US claims over 'bugged' embassy

Washington is asking the Soviet Union to pay \$25m (£16.4m) in damages for shoddy workmanship and delays in building the new US embassy in Moscow. The US may also make further claims over allegations that the building is riddled with Soviet bugging devices. Washington plans to spend an estimated \$300m on constructing a replacement embassy - prefabricated in the US. Page 2

Soviet protest vote

Thirty-one deputies caused a sensation in the Supreme Soviet of the USSR when they defied the Moscow Communist Party machine and voted against two decrees on law and order. The protest, understood to have come from Baltic republic deputies, was the first vote against the government in the Supreme Soviet for decades. Back Page

Conspirators sentenced

Three Irish people convicted of plotting to murder Northern Ireland Secretary Tom King were jailed for 25 years each at Winchester Crown Court. Lawyers representing Finbar Cullen, John McCann and Martina Shanahan are considering appeals against conviction and sentence.

Life for multiple rapist

Andrew Longmuir, 32, from Manchester was given 11 life sentences at the city's Crown Court after admitting a catalogue of rapes and other sexual offences committed over seven years.

Prague rally broken up

Czechoslovak riot police used batons, dogs, water cannon and tear gas to break up a 5,000-strong crowd which had defied a ban and gathered in the capital's Wenceslas Square chanting demands for freedom.

Vandals theory on trains

British Rail thinks vandals may have tampered with the brakes of two locomotives which rolled from a siding and plunged over a bridge on to a busy north London road junction.

Prince renews attack

Prince Charles renewed his criticism of post-war British architecture and planning in a BBC television documentary broadcast last night. Page 4

Abortion pill order

French Health Minister Claude Evrin ordered drugs group Roussel-Uclaf to resume sales of its abortion pill despite pressure from anti-abortion groups in France and abroad. The company had decided on Wednesday to withdraw the pill from sale. Page 2

Gulf minesweepers

British, Dutch and Belgian minesweepers have started clearing remaining mines from a 300-mile corridor in the Gulf.

Govan nominations close

Nominations closed yesterday for the November 10 Glasgow Govan by-election caused by the decision of sitting Labour MP Bruce Millan to take up a European Commission post. Eight candidates will contest the seat.

Benefit fraud savings

Investigators saved £34m of social security benefit payments in the first six months of the year by eliminating fraudulent claims, the Department of Employment said. Page 7

Harrods man sacked

Harrods, the House of Fraser flagship store, sacked its staff council's leader, Denis Meehan, citing six reasons including his alleged link with a Lohr director. Mr Meehan claimed he had been victimised.

Jack de Manio dies

Jack de Manio, one of the BBC radio's 'Today' programme presenters for 13 years until 1971, died aged 74. He was renowned for his unreliable early morning time checks.

BUSINESS SUMMARY

BR sale 'need not mean closures'

PAUL CHANNON, Transport Secretary, confirmed that four ways of privatising British Rail were being studied. However, he said that privatisation need not lead to either a reduction in safety or widespread closures of subsidised tracks. He said privatisation could not take place until the next parliament, probably in 1991. Page 24

FT Index

Ordinary Share (hourly movements)
1515
1510
1505
1500
1495
24 Oct 1988 28

Over the week it showed a rise of 9.5. London Stock Exchange, Page 17

US federal budget deficit widened

to \$155.1bn (£87.7bn) in the 1988 financial year, which ended last month, compared with \$150.4bn the previous year.

BARLOW CLOWES: MPs formally requested the parliamentary ombudsman to examine the Department of Trade and Industry's role in the collapse of the investment fund manager.

Page 6

GROWTH in factory production from engineering, electrical and electronics industries is continuing, according to DTI figures.

Page 4

CUSTOMS and Excise said companies making financial gifts to universities would not be charged VAT.

Page 4

JAPAN'S balance of payments figures for last month revealed a continuing rise in the country's seasonally adjusted trade balance.

Page 3

GROUP of 8, the organisation of eight Latin American states, are to hold an urgent meeting of their finance ministers next month to consider ways of reducing the area's \$450bn (£237.4bn) foreign debt. Earlier story, Page 3

PIERRE RICHIER, chairman of Epeda-Bertrand Faure, diversified car seat manufacturing company, announced a FFfr4.3bn (£401m) cash bid for outstanding shares and warrants to try to block a hostile bid from Valeo, French car components group.

Page 12

KLOECKNER and Company, large West German trading group which recently reported potential losses of DM700m (£222.7m) in oil forward contracts, will be publicly floated by its new owner, Deutsche Bank.

Page 12

NISSAN, Japanese motor vehicle maker, reported a fall in pre-tax income to Y69.6bn (£281m) for the six months to end-September, from Y65.3bn in the same period last year.

Page 13

ICI, UK chemicals group, is close to completing its sale of the non-core businesses of Stauffer Chemicals, US agrochemicals company which it bought last year for \$1.92bn (£1.1bn).

Page 10

FRENCH CONNECTION, fashion group, blamed a difficult trading climate for a sharp fall in first-half pre-tax profits, from £2.5m to £1m.

Page 10

FERRY PICKERING Group, carton manufacturer, plans a £48.7m merger with Cundell Group, corrugated packaging maker. It will be known as CFP Group.

Page 10

Dukakis tries to raise the ghost of Harry Truman

WHEN Democratic presidential candidates find themselves in trouble, they usually turn to Harry Truman and his come-from-behind win in 1948, writes Lionel Barber.

So it was with Governor Michael Dukakis, who arrived in Truman's home town - Independence, Missouri, just outside Kansas City - to invoke the spirit of 1948 and to draw comparisons between himself and the corner-shop haberdasher who became one of the most respected Presidents of this century.

"Harry Truman and I are about the same size," the 5ft 8in governor told an enthusiastic 500-strong crowd in Independence Memorial Building, one block from Truman's old white house. "We are both people that came up through the ranks without pretensions."

Five huge photographs of Harry Truman hung in the

hall, one with that familiar reassuring face with the steel-rimmed spectacles and the smile that connected with the common man, something which Mr Dukakis, however much he tries to be warm and likable, has yet to achieve.

"There was not a phoney bone in the man's body," said the Massachusetts Governor. "I wonder what he would have done with today's media whizzes and TV negative advertising."

Truman was, in fact, no slouch when it came to using the media. His whistle-stop train tour across the US first announced as a "non-political trip to California" - attracted enormous attention in the autumn of 1948. In 35 days, he travelled 31,700 miles and made 356 speeches to between 12m and 15m Americans.

Many credit the barnstorming effort as the key to his vic-



Light relief for Dukakis in Independence

tory over the Republican favourite Thomas Dewey - though President Truman helped himself by recalling the Republican's promise to demand action on the housing

crisis. When they refused, Truman ran against the Do Nothing Congress, a telling slogan Mr Dukakis has been unable to match.

Mr Dukakis says he is using

events like Thursday night's "town meeting" - a Democratic question-and-answer event equipped with radio link-up to cities in Michigan, Minnesota, and Kentucky - to take his cause, like Truman, directly to the people.

But the aim is also to strike a contrast with Vice President George Bush's cocooned campaign which keeps the press and opponents at bay. At a Bush rally in Seattle on Thursday, several hecklers were forcibly removed by police, one with blood dripping from his nose. The scene was shown on the television news.

Mr Dukakis looks good in these small-town events. He can forget about his stump speech, take off his jacket, roll up his sleeves and talk policy: how he wants to create a new health insurance programme for the 37m Americans who are

Continued on Page 24

British Steel forecasts 31% profits increase

By Philip Coggan and Nick Garnett

BRITISH STEEL yesterday forecast a 31 per cent rise in pre-tax profits to not less than £550m this year as it unveiled its pathfinder prospectus for next month's privatisation. Payments will be in two instalments, with a minimum purchase of £500.

Returning steel to the private sector is seen as a crucial test for the government's programme of dismantling the nationalised sector.

Last year's stock market crash disrupted the offer of shares in BF, and if British Steel's offer proves unsuccessful, the planned privatisations of electricity and water might be threatened.

Analysts were yesterday forecasting that the steel shares would be priced at between 125p and 140p, giving

the company a potential market capitalisation of £2.5bn to £2.8bn. The issue will be priced on November 23, with applications closing on December 2 and dealings opening on December 5.

About a third of the issue will be placed with UK institutions. Another third will go to the UK public and the remainder will be offered overseas in the US, Canada, Japan and Europe.

However, if demand from the UK proves sufficient, shares will be "clawed back" from the overseas offer, reducing the net-UK portion to a quarter.

Early indications for the flotation are encouraging. Although the steel sale has been aimed more at the institutions than at small investors, over a million individuals have

registered with the share information office - a far higher figure than for similar privatisation issues such as Rolls-Royce and BAA.

The marketing campaign seems to have pushed into the background public memories of the massive losses incurred by the group in the late 1970s and 1980s.

These prompted a substantial restructuring of the company and British Steel eventually moved back into profit in the year to March 1986. The company is forecasting profits after taxation of £575m compared with £410m in the last financial year.

The steel industry believes Continued on Page 24
High yield Steel appeal, Page 2; Rail privatisation, Page 2; Lex, Page 24

Sunderland yard set for closure

By Kevin Brown, Transport Correspondent

THE CLOSURE of North East Shipbuilders, the Sunderland subsidiary of state-owned British Shipbuilders, looked almost certain last night after the expiry of an extended deadline for private sector bids.

The blow will be softened by the establishment of a development agency for Sunderland to retain some of NESL's 2,000 workers, 1,000 of whom have already been laid off.

British Shipbuilders is believed to have told the Trade and Industry Department that none of the four bids on the table offers any prospect of long-term viability.

Mr Tony Newton, Industry Minister, is expected to announce the closure next week in a Commons statement.

British Shipbuilders refused to comment on the viability of the bids for NESL. However, it emerged that a vital £100m order to build 10 ships for Cuba would have faced financing problems.

The order would have provided a short-term respite for NESL, which has had no orders since a contract to build 24 ferries for Danish owners collapsed in March.

It was regarded as crucial to all the bids, and the Government had made clear that £28m in subsidies would be made available to a private sector owner.

However, the order would also have required cover from the Export Credits Guarantee Department, which insures companies against the possibility of non-payment by overseas customers.

The ECGD said yesterday that none of the bidders had approached it for cover for the order and confirmed that cover for exports to Cuba is not being provided because Cuban government agencies are in arrears in payments on previous contracts.

Previous Cuban shipbuilding orders have been placed through shell companies in third countries such as Cyprus, but the ECGD said such an arrangement would not automatically guarantee cover.

The four bidders for NESL are:

● A consortium headed by Mr Peter Zochal, the naval architect who signed the Danish ferries contract.

● Mr Alex Copson, a London businessman who wants to build waste disposal ships.

● Mr Albert Le Blond, who controls a Wearside ship-repairing company.

● Melton Medway, a Nottingham-based engineering company headed by Mr Nat Furi.

NESL was put up for sale as part of the break-up and privatisation of British Shipbuilders, which was nationalised by the last Labour Government.

One BS yard at Govan, Glasgow, has already been sold and negotiations are well advanced for the sale of several other subsidiaries.

NESL was always thought to be the least likely subsidiary to attract a viable bid, in spite of the existence of excellent facilities in the two yards - Sunderland Shipbuilders and Austin & Pickersgill, which make up the company.

Hill Samuel foils £57m fraud

By Clive Wolman

HILL SAMUEL, the City merchant bank owned by the TSB, has foiled a sophisticated international fraud by blocking multi-currency payments worth £57m before they had left the world network of banks.

Staff at the bank spent Thursday night pursuing the trails of electronic and telegraphic transfers from Hill Samuel to its correspondent banks, mainly in the western hemisphere.

One of the routes which attracted the most anxiety was via the US funds transfer and clearing system to a bank in South America.

Although the money has been blocked within the banking system, Hill Samuel may encounter some legal obstacles

before it can be repaid. However, the bank said yesterday that it did not anticipate suffering any eventual loss and would be able to retrieve the money by giving indemnities.

Clerical workers at Hill Samuel, carrying out routine checks, discovered discrepancies in the system at about 4pm on Thursday - midday in New York. It was only an hour later that the employees realised the bank may have become the victim of a large attempted fraud when the forms which gave instructions for the payments to be made were discovered to bear forged signatures.

Hill Samuel immediately called in officers from the City of London Company Fraud Department, who joined bank

staff in tracing the funds, some of which had not yet left the bank. About 10 forged authorisations were presented relating to four or five payments.

The police suspect that the crime was organised by an international network of people with intimate knowledge of the payments' system and who required the collaboration of at least one person in Hill Samuel.

The failure of the bank to detect the attempted fraud before some of the payments were made to other banks indicates possible flaws in the earlier stages of its control and checking systems.

However Mr Hamish Donaldson, chief executive, said last night: "Our control systems Continued on Page 24

Company cars face tax rise

By Philip Stephens

THE TREASURY is considering another assault on the tax privileges of individuals with company cars. Action to increase taxation on one of the most-widely available corporate "perks" is likely in next year's Budget.

There may be a complete restructuring of the "scale charges" used by the Inland Revenue to assess the cash worth of company cars.

These charges were doubled in the last Budget, but the Treasury believes that under-valuation of company cars still imposes a substantial burden on taxpayers in general.

A more radical move would raise several hundred millions of pounds in revenue for the Treasury and would fit in with the aim of Mr Nigel Lawson, Chancellor of the Exchequer, to gradually dismantle tax concessions for the relatively well-off.

However, it would draw strong opposition from the car industry, which relies on a substantial proportion of new car sales.

The possibility of a further reduction in the tax benefits of company cars was signalled this week by Mr Norman Lamont, the Treasury minister responsible for tax policy, in a reply in the House of Commons.

Mr Lamont was careful to say that he could not anticipate particular measures in the next Budget. However, he then chose to remind MPs that the Treasury believed that the sharp increase in the scale charges on company cars earlier this year still left the perk substantially "under-taxed".

The level of such under-taxation is a matter of dispute between the Government and the industry and there have

been informal contacts between the two during the summer to try to iron out the differences.

Official calculations, however, suggest that the £2,000-a-year assessed for tax by the Inland Revenue as the value of an individual of a middle-range company car and free fuel may represent only about half the actual benefit.

The Inland Revenue does not publish an official estimate of the cost to other taxpayers of the remaining concession, but work by Mr Andrew Dilnot of the independent Institute for Fiscal Studies suggests a figure of around £750m.

Mr Lawson may aim to halve that figure in the Budget, with the eventual aim of phasing it out. However, this is likely to depend on how far the impact on middle-income earners can be softened by, for example, further reductions in income tax rates.

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.7675	New York lunchtime: DM1.77525	FT-SE 100: 1,588.4 (+6.3)
London: \$1.7685 (1.771)	FFfr6.0635	FT Ordinary: 1,508.9 (+6.3)
DMS 14 (3.1425)	SFR1.497	FT-A All Share: 967.24 (+0.4%)
FFfr1.725 (10.715)	Y125.75	FT-A long gilt yield: 9.12 (same)
SFR2.65 (2.645)	DM1.775 (1.774)	New York lunchtime: DJ Ind. Av. 2,145.98 (+5.15)
Y222.5 (222.75)	FFfr6.085 (6.05)	Tokyo: Nikkei 27,741.34 (+18.42)
S index 78.4 (78.3)	SFR1.498 (1.4935)	LONDON MONEY
	Y125.75 (same)	3-month interbank: closing 12% (same)
	S index 95 (same)	
	Tokyo close: Y126.08	
	US LUNCHTIME	
	RATES	
	Fed Funds 8 1/8 %	
	3-mo Treasury Bills: yield: 7.52%	
	Long Bond: 103 1/2	
	yield: 8.82%	

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Weekend FT



A NEW ERA IN STINKIBAR

The slave-trading days of the spice island of Zanzibar are long gone, replaced by lethargy and suspicion of its African neighbours. But, as Victor Mallet reports, an upsurge of nationalism is bringing changes in its wake

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Finance

Interest-bearing current accounts: a revolution in British banking?

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Property

A buyer's market in Docklands

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Travel

How mass tourism may destroy Kashmir, the Garden of India, plus how one FT writer was pushed to the limit in Bhutan

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How To Spend It

...on a classic gentleman's coat

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Sport

John Barrett watches the return of some of the most famous names in tennis

Page XXVIII

OVERSEAS NEWS

Hungarian party leader to give up role of Premier

By Leslie Collett in Berlin

MR KAROLYI GROSZ, the Hungarian leader, said yesterday that he would relinquish the post of Prime Minister next month, keeping a promise made when he became head of the party last May in succession to the veteran Mr Janos Kadar.

Mr Grosz made known his decision in an interview yesterday with the government newspaper Magyar Hirlap. He was chosen Prime Minister by the party in June of last year in what turned out to be the launching pad for his present position at the top of the party.

He said the ruling Politburo will choose five candidates for the post of Prime Minister. One of them is to be proposed to parliament at a meeting of the Central Committee which is scheduled for November 22.

A front running candidate for the top government post is Mr Miklos Nemes, a 40 year old reform-minded technocrat who joined the Politburo only last May and who occupies the key post of Central Committee Secretary in charge of economic policy.

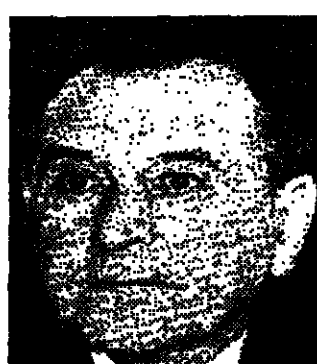
But Mr Bazzo Nyers, the "father" of the Hungarian economic reform, is another prime candidate according to knowledgeable officials in Budapest. Mr Nyers, however, who is 65 years old, previously said he was not interested in the job. The prime ministership is an increasingly risky office as the Government is being given ever greater responsibility for the economy which is in a critical state.

Mr Nyers rejoined the Politburo last May after being elected in 1974 when the reformers were put on the economic reform programme. He has called for drastic, wide-ranging economic and political reforms and is the only former Socialist Democrat in the party leadership.

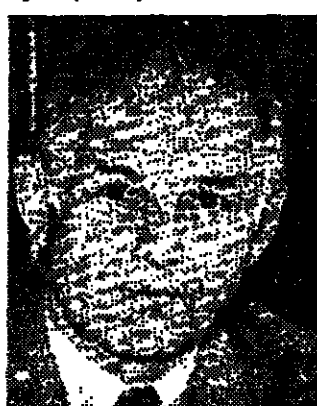
Another likely candidate is Mr László Tóth, 53, who joined the Politburo last May as its management specialist after 13 years as the director of the successful Taurus Rubber Company. She became the first company manager in a Communist country to be voted into the Politburo and has advocated that the private sector should gain a 30 per cent share in Hungary's GNP.

Mr Imre Pozsgay, 55 years old, is considered to be another candidate for the prime minister's post. He is the Politburo's strongest and probably most sincere advocate of political reform and has been instrumental in attempts to engage the opposition in dialogue. He was appointed Minister of State in June and Mr Grosz noted in an interview that this was a "possible" step for Mr Pozsgay ultimately to become Prime Minister. But despite his reformist credentials, he is regarded by many party officials as being too "political" for the job.

Mr Nemes on the other hand appears to have the background required for an efficient if lacklustre government



Grosz (above): promise kept, Nyers (below): father of reform



leader. A trained economist, he worked for the planning office and since last year has been the Central Committee Secretary for the economy. As an enthusiastic supporter of economic reforms he painted a gloomy picture of the economy in a speech last July to the Central Committee. The only way out of the morass he said was to create a "socialist market economy" in which only competitive companies would be allowed to survive.

Mr Nemes argues in favour of a stringent austerity programme which would give the widest opening to market forces but would also involve the greatest risk of failure. A radical cut in subsidies to loss-making companies could lead to a tripling of unemployment to 100,000 by the end of next year, he indicated. The programme is expected to be adopted next month, but its implementation will be extremely difficult.

Inflation for next year is expected to remain nearly as high as this year's 17 per cent and there is widespread scepticism among Hungarians that the reforms will work. A seven-hundred Hungarian Openness Club in Budapest today with the main aim of getting censorship abolished.

Senior Hungarian party officials had urged organisers of the club to scrap the idea at least until after the expected passage late next month of a new law on independent associations. But Mr Imre Pozsgay, the reformist politburo member, gave permission for the club to be set up earlier.

Kaunda set for easy win

By Nicholas Woodworth in Lusaka

PARTIAL results in Zambia's presidential and parliamentary elections indicate that President Kenneth Kaunda will be comfortably returned to office for the sixth consecutive time in 24 years.

With about three quarters of Zambia's constituencies declared by yesterday evening, Dr Kaunda, who ran unopposed in a referendum-style presidential election, appears to have won 90-95 per cent of votes cast. Turnout of registered voters was approximately 66 per cent. The figures are comparable to those of the last presidential election, held five

years ago. Dr Kaunda requires only 51 per cent of votes cast to remain in office.

In parliamentary elections held simultaneously, only two senior ministers in Dr Kaunda's Cabinet have failed to be re-elected. Also elected is Major Wezi Kaunda, who will be the first of President Kaunda's sons to sit in parliament, as well as Mr Humphrey Mulemba, former Secretary General of the United National Independence Party, Zambia's sole legal political party. Mr Mulemba has in the past been regarded as a possible successor to President Kaunda.

Baffling bugs keep US embassy empty in Moscow

By John Lloyd in Moscow

IN THE middle of the US Moscow Embassy compound stands a square, brown, eight-story building topped off with plastic sheeting. It is replete with technology which has the best and the brightest of US intelligence baffled.

This was to have been the new US Embassy, built either to replace or complement the grim and grubby 1950s structure overlooking Tchaikovsky Street.

But work on it was halted after two years in 1980 when a myriad of gadgets were found in the walls. The embassy's 251 full-time staff and some 100 temporary workers are crammed into the old building,

which they also assume is bugged, but perhaps not so much.

A senior US diplomat said yesterday that "we are in possession of overwhelming evidence of the presence of 'extra devices'".

Asked why the US did not furnish proof of these, as a commentary on the state-run Tass news service had earlier yesterday challenged it to do, he replied: "We have no intention of telling the other side about how much we know".

That may not be much. According to a report on the unfinished building drawn up last year by Mr James Schlesinger, former US Defence Secretary, the structure is full of

devices "of which we do not yet understand the technology nor the strategy".

Chunks of it, said the diplomat, have been sent back under guard to Washington where it was being pored over. The replacement embassy will, the State Department said on Thursday, be prefabricated in the US and transported to Moscow over the next few months.

Mr Gennady Gerasimov, the Foreign Ministry spokesman, said yesterday that US plans to rebuild the embassy were a waste of money and part of "an anti-Soviet campaign". "If they believe they should tear down the building, that is their own affair. We cannot

stop the Americans wasting their money."

The old building is at present undergoing structural refurbishment under secure conditions to make it a little more bearable, at a cost of "several tens of millions of dollars". This is on top of the \$22m already spent on the bugged building (part of the \$28m which the US wants to recoup from the Soviet Government) and an estimated cost of a replacement embassy of \$300m.

The Soviet Union has also had a new embassy built in Washington. It is ready for occupancy, but its use has been blocked by the US until the Moscow embassy impasse

is broken. Last April, Soviet diplomats held a show in Washington of the bugs they had discovered in their new building, apparently unconcerned about letting the other side know what they knew.

Mr Anatoly Dobrynin, former Soviet Ambassador to Washington, who lost his post as a Central Committee secretary last month, has re-emerged as a senior foreign policy adviser to Mr Mikhail Gorbachev, the Soviet leader.

The Foreign Ministry said last night that the other senior foreign policy aide was Mr Vadim Zagladin, his former deputy as head of the Communist Party's international

department and a specialist on Europe.

US diplomats in Moscow said yesterday that Mr Dobrynin had been in evidence at the meeting of the Fraxidium of the Supreme Soviet earlier this week.

They dismissed the suggestion that his replacement as head of the international department by Mr Valentin Falin, former head of Novosti Press Agency, together with Mr Zagladin's appointment, meant a downgrading of US relations in favour of a more "Euro-centred approach", speculating instead that the international department itself may have been downgraded.

Public sector pay challenge for Rocard

Paul Betts reports on a smouldering dispute affecting 5m workers

THE PAY dispute between France's 5m public-sector workers and the Socialist Government is turning into a war of attrition. Despite the efforts this week of the Rocard administration to defuse the conflict with a series of conciliatory gestures, sporadic strikes have continued to disrupt public services and in some towns militant workers have continued to demonstrate in the streets.

The nurses, who sparked the sudden outbreak of labour discontent in the French public sector this month, decided to go back to work this week but warned that they intended to keep the pressure on the Government.

After the big demonstrations in the streets of Paris last week, the Government this week held talks with the main public-sector unions tabling new wage proposals which the unions said were unsatisfactory.

While the social temperature has fallen in Paris, Lyons has continued to suffer a three-day urban transport strike and in the city of Lille the population has become exasperated by a particularly disruptive postal strike. Miners in Lorraine have also been demonstrating for more pay and better working conditions.

Mr Michel Rocard, the Socialist Prime Minister, and his principal lieutenants have reached swiftly during the past few days to try to prevent the public-sector unions' snowballing into one of those classic French labour confrontations which have the habit of exploding with unexpected ferocity. Such has been the case barely two years ago when the right-wing government of Mr Jacques Chirac with the railway workers and students.

Mr Rocard has devoted considerable personal time and energy to resolving the pay crisis in the public sector. He held a dawn meeting in his office with the nurses to try to appease them. He has spoken several times on radio and television. His ministers have also been active in trying to re-establish a dialogue with the public sector unions.

The efforts appear to have paid off, for the time being at least. The Government has managed to buy itself a little more time to negotiate a wage compromise with the public-sector workers. Its strategy has been to take the drama out of the conflict and wear down the protesters. But the truce it has managed to negotiate this week remains extremely fragile.

The situation is all the more delicate because the discontent in the public sector has brought to the surface a combination of fundamental problems facing the Government, including the broad evolution in French labour relations during the past few years, the country's general economic situation and the political pressures Mr Rocard is facing especially from within his own Socialist Party.

The country's public-sector workers took to the streets this month because their purchasing power has been falling during the past five years, while private-sector pay has just about kept level with the rise in the cost of living. The Government had granted a 2 per cent wage rise for the public sector this year against a rate of consumer price inflation expected to be around 3 per cent.

Public-sector workers have thus sought an additional increase this year. But Mr Rocard's government refused to agree, arguing that France's economic recovery was still too fragile to relax its tight control of pay, in spite of 3.5 per cent gross national product growth this year - stronger than expected.

In the past few days, the Government, which has acknowledged that the public sector workers and especially the nurses, had justifiable claims, agreed to make a gesture. It offered the nurses a FF1.6bn (£150m) additional wage package, which although less than the nurses' original demands, was seen as an important concession.

To the public-sector workers it offered to grant a backdated 0.5-1 per cent wage rise at the beginning of next year to make up the gap between this year's 2 per cent and public sector wage increase and the higher rate of inflation. The Government has also proposed a 2.2 per cent wage rise for 1985.

The Government did not want to grant an immediate additional wage rise this year for fear of undermining the international credibility of its tight economic policies which might put pressure on the franc. Indeed, the labour unrest last week contributed to the general weakening of the French currency which staged a recovery this week after the better-than-expected French September trade figures and the truce in the public-sector wage conflict.

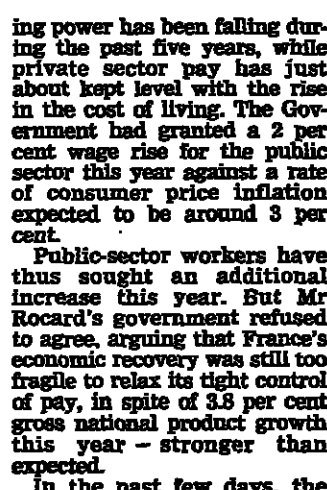
The public-sector workers are now reviewing the latest government proposals, and some unions are already threatening new demonstrations next month if the new round of negotiations collapses. But the problem has been made all the more difficult by the declining influence of the large French labour confederations and the rise of powerful

grass-root movements. These movements have seriously undermined the role of traditional unions in France and made collective bargaining much more complex. Indeed, the Government and industry in France have become increasingly worried by this phenomenon because it has made general wage and labour negotiations much more difficult. The traditional unions have increasingly been forced to follow the lead of these grass-root movements to protect their credibility in the labour movement.

The third problem for Mr Rocard has come from his own party. Traditionalist members of the Socialist Party, including Mr Pierre Mauroy, the party's first secretary and a former Socialist prime minister, have openly sided with the public-sector workers and the nurses.

This has made Mr Rocard's task of trying to modernise the French public sector all the more difficult since the old-style Socialist Party leaders merely want to appease the public-sector workers and reward the traditional Socialist voting strongholds in the public sector by relaxing wage restraint.

For all these reasons, Mr Rocard is treading a fine line. So far, he has succeeded in preventing the conflict exploding. But he will have to use all his political skills to find a lasting solution to an issue which has turned into the first big domestic test for his five-month-old government.



Rocard: gestures

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Nato agrees need to update N-missiles

By Robert Mauffner, Diplomatic Correspondent

NATO Defence Ministers yesterday endorsed plans to modernise short-range nuclear weapons, but took no specific decisions on carrying out such a modernisation programme.

A communiqué issued after the Alliance's Nuclear Planning Group in the Dutch seaside resort of Scheveningen, merely stated that the Ministers had agreed that, "for the foreseeable future", NATO required "diversified, survivable and operationally flexible nuclear forces in Europe across the entire spectrum of ranges".

The wording of the communiqué was deliberately confusing, given the abolition of all medium-range land-based nuclear missiles of a range between 500 kms and 5,500 kms under an agreement reached by the US and the Soviet Union last year. What NATO's military commanders want to do is to plug the gap left by the elimination of Pershing and Cruise missiles based in Europe by updating the Alliance's air and sea-launched nuclear weapons and modernising battlefield arms with a range up to 500 kms.

Their plans, which have come under fire from West Germany and Belgium, which consider any decision on modernisation to be premature for both domestic and international political reasons, foresee the deployment of an updated version of the Lance missile and a new tactical air-to-surface missile.

Objections to the plan from the six-month-old Belgian centre-left coalition government, which at one time threatened to cause an open split in the Alliance, were papered over by a procedural device. Though Mr Guy Coens, the Belgian Defence Minister, abstained from endorsing the report, NATO officials drew comfort from the fact that Belgium did not append a dissenting footnote to the final communiqué.

Mr Coens aligned Belgium with West Germany by stressing that NATO's so-called "comprehensive concept" of nuclear control had to be agreed before any decision on modernisation was taken.

Both Mr Frank Carlucci and Mr George Younger, the US and British Defence Secretaries, tried to put a brave face on the proceedings. "We are moving forward on modernisation programmes on a step-by-step basis," Mr Carlucci told a press conference after the two-day meeting.

Mr Younger reiterated the British and American position that decisions to develop and deploy the proposed successor to the Lance and the new tactical air-to-surface missiles should be made next year.

Paris orders reversal of abortion pill ban

By George Graham in Paris

MR CLAUDE EVIN, France's Health Minister, yesterday ordered a reversal of his decision to stop selling the RU 486 abortion pill.

The RU 486, which is 56 per cent controlled by Hoechst, the West German chemicals group, with the rest in the hands of the French state, had been withdrawn from sale, only a month after it had been authorised for distribution in France.

The group had decided not to sell the pill under pressure from anti-abortion groups in France and overseas, including threats from the US to boycott other products of Roussel-Uclaf.

Mr Claude Evain, France's Health Minister, yesterday ordered Roussel-Uclaf to restart sales of RU 486 "in the interests of public health".

Mrs Michele Barzach, Mr Evin's predecessor as Health Minister in the last right-wing government, had earlier deplored the withdrawal of the pill which could be "a less traumatic, less aggressive" method of abortion.

The initial decision to withdraw the RU 486 pill from sale came against the background of an apparent rise in fundamentalist Catholic feeling in France, where the traditional

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France, Italy agree to build missile

By George Graham in Paris

France and Italy have agreed to build a short-range surface-to-air missile with high-technology radar and guidance, Nato diplomats said yesterday, Reuters reports from Paris.

Mr Francois Mitterrand, the French President, announced the agreement on Thursday after talks with Italian Prime Minister Ciriaco De Mita in the southern French town of Arles but gave no details.

The diplomats said Paris and Rome had agreed to build two versions of the missile, known as Aster, which could replace the North Atlantic Treaty Organisation's Hawk missile system.

The weapon, to be deployed in 1990, would use new three-dimensional radar and an automatic guidance system.

duced to win favour with the IMF. They have pointed out that the Fund does not approve of a two-tier foreign exchange system as its regulations call for the unification of the foreign exchange rate.

But the IMF has insisted on stringent devaluation as a step to providing fresh credits since Sudan was declared ineligible for new loans in 1982. And with an IMF team due in Khartoum next week and Sudan desperate for a package which will allow them to reschedule their \$12bn external debt, the move is being widely seen as the first

step to a comprehensive devaluation. In the past year the Sudanese black market has become the only functioning market to buy basic goods from bread to petrol.

The Government is also hoping that the new exchange rate will lure remittances from the estimated 1m Sudanese working abroad into the official sector. Although it is too early to say how the black market will react to the government move the Finance Ministry has said it is expecting a general rise in prices.

Bonn pulls out of credit finance for Tornado sale

By David Goodhart in Bonn

THE West German Government has pulled out of providing state-supported credit finance for the German contribution to eight Tornado fighters sold to Jordan by the UK Government for DM1.6bn (\$520m).

The decision not to allow the state-owned Kreditanstalt für Wiederaufbau (KfW) to lead a consortium of German banks in providing about 23 per cent of the credit follows an uproar in Germany over the issue.

Germany has tighter rules than most Nato countries about selling weapons outside the Nato area, especially in areas of tension such as the Middle East. Although in joint projects like the Tornado (with the UK and Italy), the Germans have been prepared to go along

with a UK-led Middle East export drive, political opinion has drawn the line at bearing a share of the credit risk.

UK officials who earlier in the week had welcomed the apparent change of heart in Bonn over credit finance for out-of-Nato sales were yesterday still hoping that private banks would bear West Germany's share of the risk.

If the private banks now follow the KfW and withdraw, it is possible, but unlikely, that the Jordanian sale may be jeopardised.

The West German Government has for the first time admitted the existence of a US nuclear accident research team in the country which is alleged to have far-reaching powers over the local population.

Italian glass group to invest in Spain

By Peter Bruce in Madrid

EUROPE's second largest supplier of glass to the motor industry, Societa Italiana Vetro (SIV), announced yesterday it plans to build a Pta 16bn (€77m) float glass plant in the deprived northern Spanish port of Ferrol.

The investment, which has won a subsidy of Pta 9.4bn from Spain's central government and a Pta 350m retraining grant from a regional employment fund, closely follows Ford's decision to build a \$68m electronics component plant in Cadiz.

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Sudan brings back two-tier foreign exchange

By Julian Ozanne in Nairobi

DEBT-RIDDEN Sudan has reintroduced a two-tier foreign exchange system in an attempt to stimulate exports, meet demands for devaluation made by the International Monetary Fund and curb the growing black market.

The new exchange rate will be used to buy basic commodity imports including wheat, medicines and petroleum products. Devaluation is an explosive political issue in Sudan since a currency adjustment of 40 per cent in October 1987 fuelled price rises and sparked off popular demonstrations in which six were killed. Since then the Sudanese Government has consistently refused to devalue any further.

In an attempt to allay popular discontent government officials this week denied the move is being widely seen as the first

step to a comprehensive devaluation. In the past year the Sudanese black market has become the only functioning market to buy basic goods from bread to petrol.

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OVERSEAS NEWS

Right to tighten colour bar in S African cities

By Anthony Robinson in Johannesburg

DR ANDRIES Treurnicht, leader of the right-wing Conservative Party (CP), has promised to expel non-white businessmen from city centres in the more than 50 Transvaal and Free State towns now controlled by his party after this week's municipal elections.

Speaking in Pretoria, he also promised to apply strictly the Group Areas Act (GAA). This could lead to the attempted eviction of those black, Coloured or Asian families which have moved illegally into formerly all-white residential areas in recent years.

The CP leader's challenge to the Government's policy of legally opening up central business districts to traders of all races was swiftly taken up by Mr Chris Heunis, Minister for Constitutional Development.

He warned Dr Treurnicht that local authorities did not

have the power to challenge decisions made by the Cape Town Parliament.

At the same time, President P.W. Botha has indicated the Government intends to put new teeth into its own plans for amendments to the GAA. His yesterday passed on to the President's Council for further discussion two bills which would impose fines of up to R200 (R12.50), or four years in jail, for breaking the GAA and similar penalties for illegal squatting.

The President's Council is the top-level policy advisory body, ultimately controlled by the ruling National Party. It has the final say on bills, such as the four controversial Group Areas Act amendment bills rejected by the Coloured and Indian houses of parliament.

Before the municipal elections, President Botha passed

on to the President's Council the first two bills which provide for legal "free settlement areas" for all races under closely controlled limits. This was seen as a move to attract liberal and non-white voters.

His first move after the elections has been to pass on the last two bills which in their present form impose harsh penalties for non-compliance. This is seen as an attempt to reassure nervous National Party supporters that changes to the Group Areas Act will not lead to the swamping of white areas but a controlled and highly regulated influx.

The penalties as they stand are widely seen as unworkable and a formula for violent racial conflict by housing lobbyists. They are expected to be amended by the President's Council before being re-submitted to Parliament.

Mahathir blames opponents for disunity among Malays

By Wong Sulong in Kuala Lumpur

DR MAHATHIR Mohamad, the Malaysian Prime Minister, yesterday warned Malays that they were in danger of losing their political dominance if they remain dis-united.

In a speech, to more than 2,000 delegates at the general assembly of his New United Malays National Organisation, he laid the blame for the disunity on his opponents, led by Tengku Razaleigh, his former trade and industry minister.

He reiterated his offer to open the doors of New Umno to all Malays, including his opponents, but said they must close their divisive activities, which he said had provided opportunities for non-Malay groups to threaten Malay interests.

In his two hour speech, which emphasised on "continuity" and "unity", Dr Mahathir argued his New Umno party was the true successor of the old Umno, declared unlawful

Foreign equity investment in Malaysia rose to 763m ringgit (R167m) in the first half of 1988 from 247m ringgit in the same 1987 period. Labour Minister Lee Kim Sui said, Reuters reports from Kuala Lumpur.

Japanese companies head the list, with investments of 232m ringgit in 50 projects, followed by Singapore with 70m ringgit in 51 projects, the US with 93.7m ringgit in 20 projects and Taiwan with 25.5m ringgit in 22 projects, Mr Lee said at a seminar.

by the courts last February.

He ruled out the prospect of an early general election, saying in the current state of Umno disunity, it would only benefit the opposition.

The Malaysian Prime Minister also defended his Government's record, including the internal security decision and the quarrel with the judiciary which had led to the

sacking of three top judges.

The three-day New Umno assembly, Dr Mahathir as its uncontested president for a three year term, and adopt a new constitution, which greatly strengthens the presidential powers.

Meanwhile 18 political detainees have gone on a one-week hunger strike at the Kamunting detention camp to commemorate and highlight the first anniversary of their detention without trial under the Internal Security Act.

The group, which includes Lim Kit Siang, the opposition leader, was among 120 politicians and social activists arrested in the massive security crackdown last October when racial tensions between Malays and Chinese were high over a number of issues.

In a signed statement to the press, the detainees reiterated their innocence of the government charges.

Japanese trade balance rises

By Ian Rodger in Tokyo

JAPAN'S balance of payments figures for September, published yesterday, showed a continuing rise in the country's seasonally-adjusted trade balance, and government officials acknowledged that the reduction of the trade surplus was proceeding more slowly than they hoped.

The balance of payments report also showed a sharp decline in Japanese investors' purchases of foreign bonds from \$9.5bn (\$5.3bn) in August to \$3.5bn last month. Analysts said this was due partly to the

reluctance of some institutional investors to make new commitments before their September 30 year ends, but mostly to the concern about the course of the dollar.

The current account surplus, not seasonally adjusted, narrowed in September to \$7.5bn from \$8.5bn a year before. However, the comparison is unfair: the Finance Ministry changed the method of counting tourism spending in July.

The unadjusted trade balance declined fractionally from \$8.2bn in September 1987 to

\$8.1bn, but on a seasonally adjusted basis, it has been rising since June.

The ministry conceded yesterday that the country may not meet its target of reducing its trade surplus from \$9.4bn to \$8.1bn in the current fiscal year to March 31, 1989. Similar warnings have emerged this week from Bank of Japan and Ministry of International Trade and Industry officials.

One problem they point to is that the fall in oil prices is making it difficult to sustain the high growth of imports.

Illness delays arraignment for Marcos

By Nancy Dunne in Washington

THE arraignment of former Philippines President Ferdinand Marcos has been delayed, in response to letters from his doctors saying he is too ill to travel, but a US federal judge has ordered his wife, Imelda, to appear in court on Monday to face charges.

The two have been indicted on charges of fraud and racketeering for allegedly looting the Philippines treasury. Also indicted in the case is Mr Adnan Khashoggi, a Saudi Arabian arms dealer once said to be the world's richest man.

He has been accused of funneling for President Marcos in his alleged efforts to divert assets, and of helping to conceal the former president's

ownership of real estate and valuable art.

Mr Charles Labella, Assistant US Attorney, said Mrs Marcos must be indicted quickly, so bail could be collected "to prevent any possibility of the couple fleeing the country."

The Marcoses have been living in Hawaii since they fled the Philippines in 1986. The indictment was handed down in New York, where they would have to stand trial. The court will send an government doctor to examine President Marcos.

The Los Angeles Times has reported that Mr Khashoggi is somewhere in Europe. A warrant has been issued in an effort to find him.

shares as collateral.

As a result of the deadlock, only half the emergency assistance of \$20m (\$11.3m) agreed on last Friday will be made available immediately, much less than Koor needs to meet pressing payments. Five Israeli banks are to disburse \$10m in loans tomorrow against collateral to be provided by Hevrat Ha'Ovdim.

Bankers and company officials fear the lower-than-anticipated pay-out has endangered Koor's ability to meet vital bond interest payments, as well as payments to suppliers, on Monday - the end of the month. Whether the financially prostrate group can meet the

Debt-equity swap for Peru

PERU'S Government has at last decided to join its Latin American neighbours and launch a debt-for-equity swap programme, writes Veronica Baruffati in Lima.

A decree was promulgated and published in El Peruano, the state daily, outlining the main points of the plan. The programme will involve an auction system and the central bank will set the exchange rate for the effects of conversion.

Short-term foreign debt converted in this way will be used to invest in new projects or in existing export-oriented companies. All imported components of the project must be financed externally.

Investment under these arrangements cannot be re-exported until 30 years after the initiation of the project. However, remittance of profits will not be restricted.

One of the main problems facing investors in Peru will be inflation, which is expected to be 1,000 per cent by the end of the year.

Latin American plea on debts

By Gary Mead in Punta del Este, Uruguay

FOREIGN debt worries and Latin American economic integration dominated the Second Meeting of the Group of 8, the Organisation of eight Latin American states, which ends today, at the seaside resort of Punta del Este in Uruguay.

While none of the heads of state proposed a repudiation of the region's \$400bn (\$237bn) debt, all called on their creditors to develop a means of reducing the burden and all alleged that West European and US protectionism was hampering the region's economic development.

Several of the member country presidents - those from Argentina, Brazil, Colombia, Mexico, Peru, Uruguay and Venezuela - met for almost three days in closed session, and are expected to release a joint statement late today. President Manuel Noriega of Panama was absent, as his country's membership is temporarily suspended.

Formed a year ago in Acapulco, Mexico, the Group of 8

aims at strengthening regional peace, development and democracy. Those issues dominated the proceedings.

However, underlying the conference was a clear determination to try to present a united front against what is clearly regarded as less than sympathetic US and West European political and economic dominance and protectionism. To that end foreign and economic ministers from all the Group, except Panama, were also present at the conference.

President Radil Alfonsín of Argentina set the tone by saying Latin America was now in the midst of "the most serious economic crisis in all its history."

He said industrialised nations optimistically pointed to their own growth without inflation for the last six years. "But those same six years formed the most dramatic in our region," adding: "That gap has worsened and is insupportable."

While calling for a "new dialogue" with the US and industrialised nations, Mr Alfonsín added: "We repudiate the vision of a world integrated economy which relegates us to the margin."

President Miguel de la Madrid of Mexico added weight by saying: "The effort and sacrifice of Latin America's people has not met with fair reward."

The phrase "the lost decade" in reference to Latin America's economic development, was on several presidents' lips, with the clear implication that this was the responsibility of foreign creditors.

President Alan Garcia of Peru highlighted the conference's concerns by saying the "norms and theories of the International Monetary Fund" had exhausted themselves, adding that the IMF was "blocking the possibility of a reconstruction of the international economic system" - a complete reversal of the IMF's founding principles.

Mother Time stops the trains

By Roderick Oram in New York

IN THE early hours of tomorrow morning buses and trains across America will grind to a one-hour halt. Some savvy passengers, following tradition, will bring champagne to celebrate, while the uninitiated will fume at the apparent ineptitude of bus and train lines.

The once-a-year pause, sometimes in the middle of nowhere, helps the vast nation, straddling eight time zones from the Virgin Islands in the Atlantic to American Samoa in the Pacific, sit out the extra hour as it twitches from daylight saving to standard time. Nature gets its own back in the spring when clocks advance and overnight trains and buses arrive an hour late.

For all its efforts, America has yet to sort out its time problems fully. The greatest chaos reigns in Indiana, home of Senator Dan Quayle, Republican vice-presidential candidate. Thanks to a combination of geography and cantankerousness, Hoosiers - as

Indians are known - cannot make up their mind whether to accept daylight saving.

Officially, western Indiana does and eastern does not but, for example, residents of Vevay on the Ohio River still feud over "fast time" (daylight saving) and "slow time" (standard time). The newspaper, the sheriff, one drug store and one doctor are slow; the radio station, another doctor and drugstore, the post office and county courthouse are fast. The receptionist at a health centre complains that two patients show up for the same appointment.

Life was worse between the world wars, before the US officially adopted daylight saving on a uniform basis. A 35-mile drive, for example, from Steubenville, Ohio, to Moundsville, West Virginia, crossed seven time zones. Americans talked of scrambling or wildest time. A 1966 federal law brought vastly greater consistency but it still took more than a decade of debate before, last year, the start of daylight saving was

S Korean GNP 'set to grow by 11%'

SOUTH Korea's gross national product will grow by 11 per cent in 1988 against an earlier forecast of 10 per cent, Mr Kim Kwon, Bank of Korea Governor, said yesterday, Reuters reports from Seoul.

Mr Kim told senior central bank officials that GNP, driven by brisk exports and higher domestic investment, grew an estimated 15 per cent year-on-year in the third quarter.

The year-on-year GNP rise in the first half of 1988 was 12 per cent. GNP grew by 12 per cent in 1987 and 12.3 per cent in 1986.

South Korea's current account surplus rose to \$9.4bn in the first nine months from \$7.2bn a year earlier. Economists predict it will top \$12bn for all of 1988.

New Zealand stock market inquiry

The New Zealand government is to hold an inquiry into the country's stock market because of its failure to recover significantly since the October 1987 crash, AP-DJ reports from Wellington.

Mr Geoffrey Palmer, Justice Minister, said yesterday that he had decided to set up the inquiry because the continuing lack of confidence in the New Zealand market caused concern.

"We must rid the market of the international scorn and derision to which it has, so trenchantly been subjected," he told a news conference.

The inquiry will consider what regulatory framework and structures are necessary to promote a stable, orderly, disciplined and efficient equities market, Mr Palmer added.

A five-member inquiry committee has been appointed, to be chaired by Sir Spencer Russell, former Governor of the Reserve Bank of New Zealand.

China to protect foreign investors

China's top government spokesman said yesterday that foreign investors would be protected from a nationwide campaign to slash spending and cool off a badly overheated economy.

Yuan Mu, spokesman for the State Council, denied reports of dissonance among top leaders on how to solve the current economic crisis without crippling the decade-old policy of setting market forces rather than central planners guide the economy.

Yuan's rare news conference was apparently meant to assure the outside world that tough measures to regain control over the economy did not signify a reversal of China's overall policies of reform and opening to the outside world.

Yuan emphasised that the Government's decision to reduce investment in fixed assets next year by Yuan 50bn would not affect foreigners already doing business in China.

All contracts between China and foreign companies would be honoured. All joint ventures would be carried out, he added.

Trinidad, Tobago creditors to meet

Trinidad and Tobago's leading bank creditors met in Tokyo next week to discuss a rescheduling of some of the country's foreign debt, Stephen Fidler reports.

A rescheduling of all the country's bank debt is not expected, but of one or two of the larger syndicated loans. There is also likely to be a request for short-term funds, since the country's reserves have shrunk to \$20m at the end of June from \$30m at the end of 1982.

Japanese banks have been prominent lenders to the country, accounting for perhaps three-quarters of its bank debt. The Bank of Tokyo will head the newly-formed advisory committee of half a dozen banks, which will include National Westminster Bank of the UK and Bank of America.

Trinidad and Tobago had external debt of \$1.69bn at the end of last year and its ability to service it has been hampered by falling oil prices and production. A bunching of repayments has worsened the problem: the country was due to pay debt servicing of \$474m next year, \$337m in 1990 and \$337m in 1991.

Taiwan, S Korea start car talks

Taiwan and South Korea have begun two days of talks aimed at resolving differences over the number of South Korean cars Taiwan imports each year, Reuters reports from Seoul.

Mr Augustine Wu, Taipei's chief negotiator at the talks, said South Korea had asked for 10 per cent of Taiwan's annual car imports. In 1987, Taiwan imported 46,000 cars, of which 2,550, or 4.9 per cent, came from South Korea.



Ayatollah Khomeini: hysterical displays and violent demonstrations

Prisoners on the Gulf War sidelines

Rows overshadow the fate of 100,000 POWs, Victor Mallet reports

OF ALL those waiting anxiously on the sidelines for a definitive settlement of the Gulf War, the 100,000 Iraqi and Iranian prisoners of war are probably the most desperate.

Since the ceasefire and the start of peace negotiations in August, their fate has been overshadowed by an unresolved dispute about the Shatt al-Arab waterway. But in the past fortnight both sides have raised the controversial issue of repatriation of prisoners, and the Iraqis are likely to be high on the agenda when the Iraqi and Iranian foreign ministers, and UN mediators, meet in Geneva on Monday.

Under the Third Geneva Convention, all the POWs, some as young as 13, should simply "be released and repatriated without delay after the cessation of active hostilities". It will not be that easy.

Although about 700 disabled prisoners have been freed by each side, the remaining POWs, some of them held since the start of the war eight years ago, have become bargaining chips in the complex and so far fruitless peace talks. There are a number of obstacles to straightforward repatriation.

The exact number of prisoners is uncertain, and Iraq holds far more POWs in captivity than Iraq. There are 50,182 Iraqi POWs registered in Iran by the International Commit-

tee of the Red Cross, and 15,294 Iranians registered in Iraq. The real numbers are known to be much higher: privately, UN officials concede there may be as many as 70,000 Iraqis held in Iran and 30,000 Iranians in Iraq.

Tehran and Baghdad have embarked on a war of words over piecemeal prisoner exchanges. This would be difficult to put into practice, given the disproportionate numbers on each side. The idea also goes against the Geneva Convention principle of complete repatriation by each side without regard to reciprocity.

Iraq is said to have suggested swapping planeloads of wounded prisoners, prompting an Iraqi official to say this week that Iraq wanted to trade prisoners like carpets.

Another complication is that many prisoners do not want to go home at all, either because they have always regarded themselves as opponents of their respective regimes and are afraid to go back, or because - in the case of the Iraqis in Iran - they have been brainwashed.

As a matter of principle the Red Cross will insist on the wishes of each individual prisoner and the Iraqi regime may be embarrassed to find that up to 20 per cent of its citizens do not want to return.

Both the ICRC and the UN

have criticised Iraq's attempts to "turn" Iraqi prisoners through "spiritual guidance". Iran has been at least partly successful. A UN mission to prison camps in Iran earlier this year was greeted with hysterical and sometimes violent demonstrations in which the Iraqi POWs denounced Iraq and praised Ayatollah Ruhollah Khomeini, the Iranian leader. Some prisoners also criticised the ICRC.

"There is a risk that riots may break out," the UN mission report said, "in the moment when transfer is to take place with a view to registration and repatriation."



Indian farmers, on the fourth day of a protest rally in New Delhi, reach out for food handed out by rally organisers. About 5,000 farmers from the north, protesting at government grain prices, blocked roads and the lawns outside Parliament.

Some began dispersing yesterday ahead of a massive rally planned by Prime Minister Rajiv Gandhi's Congress (I) party on Monday, but leaders of the protest ignored their supporters' departure and vowed to continue their sit-in.

The farmers also want higher wages for agricultural workers, lower electricity charges and a waiver of loans to farm owners.

Syrian troops on move in Lebanon

By our foreign staff

SYRIA was yesterday reported to have moved up troops and weapons to reinforce its positions in northern Lebanon. A Christian leader said the build-up could be a prelude to military action.

"They are preparing some military action, but the option is not yet decided," Gen Michel Aoun, the Lebanese Army commander, told Reuters news agency. "Until now, it is not dangerous," added the general, who has troops among the Christian forces facing the Syrians.

He said the Syrians seemed to be preparing to shell their opponents, and security sources said Syria had recently sent more troops to the Koura and Batroun districts with tanks, artillery, armoured personnel carriers and missile batteries.

One interpretation of the reinforcement is that Syria is taking precautions in case the stand-off between Christians and Syrian-backed Moslems flares into open warfare. Two rival governments are vying for power after the failure of the Lebanese Parliament to elect a president last month. Syria has warned against the formal partition of a country which it regards as vital to its security, but has so far taken no decisive action to defend its interests.

Western diplomats immediately expressed concern about the reported Syrian build-up, and the Lebanese allies, but Christian forces could muster a similar number of fighters. President Hafez al-Assad of Syria has a reputation for caution.

Since the Gulf war ceasefire in August, Iraq, a bitter enemy of Syria, has stepped up its support for Christian groups in Lebanon. Several Arab leaders, worried by the possibility of renewed hostilities in Lebanon and an open confrontation between Iraq and Syria, have recently suggested the convening of an Arab summit to discuss the crisis.

Iraq reaffirmed its alliance with Syria yesterday when Mr Ali Akbar Velayati, the Foreign Minister, visited Syria and met President Assad in Damascus to discuss Lebanon.

The West German authorities are holding four Arabs allegedly linked to a Palestinian guerrilla group after the discovery of explosives and weapons this week. Ten others were released.

UK NEWS

Plessey appoints Stephen Walls as managing director

By Hugo Dixon

PLESSEY, the UK electronics company, yesterday appointed a managing director to fill a post that has remained vacant since last year.

Mr Stephen Walls, the company's dynamic young finance director, is the new incumbent. His appointment caps a year during which the electronics group has completely restructured its business, moving off its large telecommunications operations into a joint venture with GEC and making a series of acquisitions in the defence and computer industries.

Mr Walls, aged 41, is widely credited in the City for these activities. He joined Plessey last July after 12 years at Chesborough Pond, the US consumer products group, where he headed the finance section when the company made some ambitious acquisitions before being bought by Unilever.

Earlier this week, Mr Walls indicated that Plessey was entering a period of calm. The company still wanted to expand its computer services business and move into continental European defence markets but most of the restructuring

of the past few months was complete, he said.

Mr Walls will report to Sir John Clark, Plessey's chairman and chief executive. The appointment was well received in the City, although analysts pointed out that it was little more than a formality, since Mr Walls had been effectively doing the job of managing director for some months.

The appointment of Mr Walls immediately aroused speculation that he was being groomed as the eventual replacement for Sir John, aged 62. Last year, Sir John was invited by the board to remain as chairman beyond his normal retirement until 1990.

Mr James Dodd, an analyst with Citicorp Scripps Vickers, said Mr Walls was a dynamic person, but still an unknown quantity when it came to managing a large electronics company rather than financial restructuring.

Plessey's former managing director, Sir James Blyth, left last year after speculation about a rift with Sir John.

Branson is expected to win Super Channel

By Raymond Snoddy

MR RICHARD BRANSON, chairman of Virgin, looks likely to take control of Super Channel, the long-making satellite television channel, on Monday.

He will make a formal presentation to the Super Channel board matching the offer by Betatelevision, the company behind Videomusic, the Italian rock music television station.

The Virgin bid will have the support of Independent Television News as a programme supplier, an essential ingredient in the plan to rescue the channel.

Last week Videomusic agreed to buy the 55 per cent stake in Super Channel held by 12 ITV companies.

Under the articles of association of the channel, officially launched by Mrs Thatcher in January 1987, existing shareholders such as Mr Branson who holds the remaining 45 per cent, have the right to match any outside offer.

On Monday Mr Branson will match Videomusic's £1 offer which includes taking on existing and future liabilities.

This week, the future programme plans for the channel have been agreed.

Last weekend Mr Branson was talking about turning Super Channel into an 18-hour-a-day pan-European news channel to rival Mr Ted Turner's Cable News Network.

The plan now is to take between four and five hours a day of news from ITN and add other programmes, probably pop music plus some films.

The ITN involvement is subject to agreeing terms and the support of its board.

Although there will be a new emphasis on news, the aim now is to keep the general entertainment character of Super Channel.

There was a danger that if the character of the channel changed too much it might have been interpreted as a breach of contract by some satellite operators who could then have excluded it.

Super Channel's main asset is its access to 13.5m homes through cable networks in Europe and a complete change of direction was judged too great a risk to take.

Deregulation drama on television's future

Raymond Snoddy looks at the implications of the forthcoming white paper

THE IRONY would have added a neat twist to a high-quality television drama.

On Thursday morning, at exactly the same time as Mrs Margaret Thatcher's Cabinet was placing its rubber stamp on the white paper on the future of British broadcasting, complete with a significant degree of deregulation of commercial television, another meeting was taking place a short journey across London.

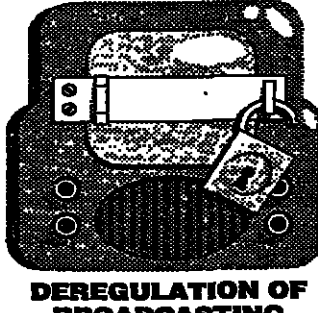
Mr Oscar Mammì, the Italian Minister of Posts and Telecommunications, an admirer of British broadcasting since the days when during the Second World War the BBC, for him, represented the voice of freedom, was at the headquarters of the Independent Broadcasting Authority.

Mr Mammì, who faces the politically difficult task of introducing order and regulation into the chaotic Italian broadcasting system, was there to find out how the IBA had regulated commercial television in the UK over the past 30 years.

He was particularly interested in exploring the obligations imposed on the commercial television companies by the IBA to encourage the making of a high volume of quality programmes.

Mr John Whitney, the IBA director-general, had to tell his Italian guests that the British Government intended to replace the IBA with a body designed to regulate all commercial television, including cable and satellite with a "lighter touch".

Mr Mammì, who was entertained by Sir Douglas Hurd, the Home Secretary, at an



DEREGULATION OF BROADCASTING

giant dinner in Lancaster House on Wednesday evening, said he thought it very strange that Britain was deregulating broadcasting at the very time that he was trying to re-regulate Italian television.

The details of the British Government's plans are already well known. The persistent drips of information about the work of the Cabinet committee chaired by Mrs Thatcher have, over the past year, gradually turned into a stream.

The process came to full fruition on Thursday when political correspondents were given a detailed briefing on the content of the white paper more than two weeks before its publication.

It came complete with misleading "topspin" about the BBC, interpreted by some of the more imaginative souls as the imminent disappearance of the BBC licence fee and its replacement by pay television.

The main thrust of the white paper, which Mr Hurd has promised would be "coherent, comprehensive and controversial", will be aimed at Britain's commercial television system.

The Government believes the BBC has been "sorted out" for the time being through the introduction of its licence fee to the retail price index. In the white paper the corporation will be told yet again that "the licence fee is not immortal" and that it should be looking towards subscription as a longer-term method of finance. However, fundamental changes to the BBC's structure are unlikely before the renewal of its Royal Charter in 1996.

For ITV it is a very different story. The Government has convinced itself that with a plethora of television channels on the way from satellite and cable it will soon be no longer practical or even desirable to regulate ITV in the old way as a public service broadcaster, aping the standards and function of the BBC.

ITV will be "freed" to compete in the marketplace, although significant obligations will continue. The companies will have to carry a proper national and international news service, although not necessarily from Independent Television News. The importance of regional programming will still be emphasised and a variety of types of programmes of reasonable quality will have to be broadcast.

The churning out of nothing but soap operas and quiz programmes will not be an option.

As part of the deregulation process, eight-year franchises will be awarded by competitive tender after an initial round based on programme plans.

It will be possible for franchise holders to be taken over on the Stock Exchange, something that has been blocked by the IBA in the past. Publisher/contractors - applicants who



Douglas Hurd: white paper will be controversial

intend to buy in all or most of their programmes from the independent production sector - will be able to apply for the franchises which will run from January 1 1989.

Deregulation will be accompanied by an expansion of television. There will be a fifth channel capable of reaching up to 70 per cent of the population, possibly a sixth channel and a cautious go-ahead will be given for local microwave television channels.

Mr Richard Dunn, chairman of the ITV Association and managing director of Thames Television, welcomes the extra choice for the viewer and does not believe that every serious or high quality programme on ITV will disappear overnight.

However, he gives a warning that the combination of legisla-

tive changes and the introduction of satellite and land-based channels could mean that "the quality and range of existing services is undermined".

Before the broadcasting bill is introduced next autumn, ITV will try to fight the concept of competitive tendering: plans for a separate national commercial night-time franchise; and any breaking of the links with IBA. It will campaign for the preservation of ITV's present links with Channel 4.

The Government has already partially reversed on Channel 4 by setting out in the white paper a wide range of options, including a modified version of the status quo, through to outright "privatisation".

As the debate about the future of British broadcasting up to the turn of the century begins in earnest, two fundamental questions are being asked at government policy.

Is the Government anticipating change, which may not necessarily happen, by dramatically changing the existing system before satellite television companies have proved they can even survive, let alone win audiences?

Secondly, is the Government while insisting it believes in quality television, undermining the financial structure that has allowed it to flourish in the UK?

Mr Hurd has promised that his white paper will offer more choice and more competition without threatening quality. The first two promises may be easier to keep than the third.

This is the last in a series of articles on the deregulation of television. The other articles in the series appeared on October 11, 13, 14, 15, 20, 25 and 27.

VAT concession on gifts to universities

By David Thomas, Education Correspondent

A POTENTIALLY serious problem for universities trying to raise private finance was removed yesterday when Customs and Excise said companies donating money would not be charged Value Added Tax.

The issue arose this month when a local VAT officer ruled that a particular company funding an Open University project should pay VAT. Customs and Excise had been concerned that companies would gain advertising or other commercial advantages through such arrangements.

After strong lobbying from the universities, Customs and Excise has now written to the

Committee of Vice-Chancellors and Principals clarifying three points:

● Simple donations by companies to universities will not attract VAT.

● Naming a chair after a company or acknowledging a company in some other way will not make the gift liable for VAT.

● If it is a condition of the donation that the university provides benefits to the donor, then these benefits should be separately costed and would be liable for VAT.

Customs and Excise has also agreed to review the Open University case.

Company insolvencies down 30%

By Joel Kibazo

THE NUMBER of individual insolvencies fell by 6 per cent in the third quarter of this year, compared with the second quarter, while those of companies fell by 8 per cent, according to Department of Trade and Industry figures released yesterday.

The drop in company insolvencies in the third quarter results in a figure just over 30 per cent lower than in the same period a year ago.

Individual insolvencies were 6 per cent up on the corresponding period last year.

There were 3,695 bankruptcy orders in the third quarter of this year, down from 2,025 in the second quarter but about the same as the third quarter of 1987.

For companies, compulsory liquidations rose by 3 per cent but voluntary liquidations fell by 14 per cent.

Director disqualification orders rose sharply in the third quarter of this year to 96. The figure had remained at around 60 in the previous four periods.

The number of appointments of administrators also rose to 60, compared with 35 in the same period last year, while the number of company voluntary arrangements rose slightly from 11 in the third quarter of 1987 to 13 in 1988.

In the most recent report this week, Judge Stephen Tumlin, the new Chief Inspector of Prisons, spoke of a "war-time gloom" pervading some wings of the older Victorian prisons, with dirt and general slovenliness, with dirty windows and paintwork, inadequately cleaned lavatories, graffiti on walls and cigarette ends on floors.

The weekly bath or shower which, because of over-stretched facilities is as much as many prisons can allow, is sometimes taken in washrooms which have "cracked and broken

Prince makes architecture plea

By Paul Chesswright, Property Correspondent

THE PRINCE of Wales last night elaborated on his belief that architecture should respect nature and, in the BBC television programme Omnibus, renewed his attack on buildings which look like machines.

Prince Charles said: "The trick, it seems to me, is to find ways of enhancing the natural environment, of adding to the sum of human delight that man is more, much more than a mere mechanical object whose sole aim is to produce money."

In a plea for the reassertion of aesthetic ideas, he argued: "Architecture, ever since the

Greeks, has witnessed a succession of revivals and ideas gleaned from the past. Our age is the first to have seen fit to abandon the past or actually to deny its relevance and the lessons learned over thousands of years. It is the first to have despised the principles of mathematical harmony and proportion, and to have embarked on a course which glorifies man's domination over nature and of science."

The programme was the first significant statement of Prince Charles' architectural ideas since last December when he attacked the rebuilding of the City of London, and especially

Paternoster Square, next to St Paul's Cathedral.

He cast his net of criticism wider than the City. Of the new British Library, he asked: "How can you even tell that it is a library?" Of Canary Wharf, in London Docklands, he observed: "I personally would go mad if I had to work in a place like that." The National Theatre he called "a clever way of building a nuclear power station." And Birmingham's convention centre made the Prince feel "demoralised".

Colin Amery, our Architecture Correspondent, will discuss Prince Charles' programme in his column on Monday.

Engineering growth continues

By Nick Garnett

THE RECENT pattern of strong growth in factory production from engineering, electrical and electronics industries is continuing, according to Department of Trade and Industry statistics.

Output of the combined engineering sectors rose by 7 per cent in the three months to August compared with the previous quarter. It was 12 per cent higher than the same period last year.

A large proportion of the increase came from high-tech computer-related sectors.

Production from electrical and instrument engineering industries rose 10 per cent in

the three months to August, compared with the previous quarter. Mechanical engineering lagged behind with 3 per cent growth.

Compared with the same period in 1987, electrical and instrument engineering output was up 17 per cent, with mechanical engineering higher by just 6.5 per cent.

Within electrical and instrument engineering, information technology and electronics was the best performer, measured by increases in production. It managed a 13 per cent growth in the three months to August compared with the previous quarter. It was 23 per cent up

on the same period in 1987.

Total engineering sales, seasonally adjusted, are estimated to have averaged £5.3bn in the three months to August, up 8.5 per cent on the previous three months and 17 per cent above the same period last year.

Domestic sales rose 7.5 per cent in the quarter to August with exports higher at 11 per cent. New orders at £5.4bn were up 6 per cent.

At the end of August, total engineering industry orders on hand were estimated at £23.2bn, seasonally adjusted, 14 per cent higher than a year ago but little changed on three months earlier.

Rippon backs Thatcher view of Europe

By Peter Riddell

MRS MARGARET Thatcher's views on Europe yesterday received the strong support of Lord Rippon of Hexham, who negotiated Britain's entry into the European Community during the Heath administration.

Lord Rippon, who has in the past criticised some of Mrs Thatcher's policies, said he believed in "the wider, grander vision of Europe proclaimed by

the Prime Minister in her recent speech in Bruges."

Speaking in Taunton he said: "In recent months I have become increasingly sick and tired of attacks by other European colleagues on Margaret Thatcher. I agree with her that many people in the European Community talk in grandiose terms, but do not always take the practical steps to get things done."

● A by-election will be held on Thursday December 15 to fill the vacancy for the Hampshire Central European parliamentary constituency caused by the death last month of Mr Basil de Ferranti, who held the seat for the Conservatives with a majority of 44,821 at the 1984 elections. This was just over half of the total vote.

Seeking a way out of the prison 'squalor'

Alan Pike on the problems - and possible solutions - highlighted by recent reports

THE STATE of Britain's prisons cannot be rivalled for bringing out emotive language in official reports.

In the most recent report this week, Judge Stephen Tumlin, the new Chief Inspector of Prisons, spoke of a "war-time gloom" pervading some wings of the older Victorian prisons, with dirt and general slovenliness, with dirty windows and paintwork, inadequately cleaned lavatories, graffiti on walls and cigarette ends on floors.

The weekly bath or shower which, because of over-stretched facilities is as much as many prisons can allow, is sometimes taken in washrooms which have "cracked and broken

tiles, leaks, mould and mildew growth and even bird droppings."

Kitchen conditions in one prison were so bad that the inspectors recommended closure unless immediate improvements could be made. Evidence of "long-standing and serious neglect of health and safety regulations" was found at a prison farm which produces milk sold to the public.

The worst problems of overcrowding are in the old "local" prisons in inner-city areas where prisoners frequently spend much of the day locked in shared cells without internal sanitation. Local prisons house about a third of the total prison population, ranging from remand prisoners awaiting trial to people serving short sentences.

A report by the National Association for the Care and

Resettlement of Offenders (Nacro) this year showed the extent of overcrowding in local prisons. Birmingham prison, with accommodation designed for 578 prisoners, held 1,063 at the time of the study. Leeds held 1,322 prisoners in accommodation for 643. Manchester held 1,560 people in 970 places.

Pressure on places inevitably makes the provision of other facilities, such as exercise and education, more difficult and has a destructive effect on both prisoners' and officers' morale.

The Government is engaged on a building programme which will add 22,000 prison places by the mid-1990s, but organisations like Nacro say the only real way to tackle overcrowding is by reducing the prison population.

Mr Douglas Hurd, the Home Secretary, has acknowledged

that there is scope for reducing the use of imprisonment, and the Government is seeking comments on a green paper which proposes to extend the use of forms of punishment which leave offenders in the community.

The Government is considering bringing together a number of alternatives to prison into a sentence of supervision and restriction which could include compensation to victims, community service, residence at hostels or attendance at day centres, house arrest and tracking an offender's whereabouts by electronic or other means.

Another possibility, on which the Government is also consulting in a green paper, envisages allowing the private sector to manage remand prisons.

Remand prisoners awaiting

Tory leadership to reject N Ireland affiliation move

By Peter Riddell, Political Editor

THE Conservative leadership will almost certainly reject an attempt by party supporters in Northern Ireland to affiliate to the national party.

This was indicated yesterday by Mr Peter Brooke, the party chairman, ahead of a meeting on November 10 of the National Union Executive, which runs the voluntary side of the party.

This meeting will consider an application by Conservative in Northern Ireland to affiliate to the National Union of Conservative and Unionist Associations.

Since the imposition of

direct rule in 1972, the party systems in Northern Ireland and mainland Britain have been separate. However, there has been growing pressure for a change from those in Northern Ireland favouring full integration of the province with the rest of the UK.

Any change would have far-reaching implications for the Government's policy on Northern Ireland.

Mr Brooke said in a speech in Durham yesterday that the affiliation would lead to divided votes on the pro-union side and more anti-union candidates being elected.

The acquisition is subject to the consent of creditors.

Another Southend airline, Baltic Airlines, is to be amalgamated into BAF.

Acquisition deal on airline assets

By Lynton McLain

THE ASSETS of British Air Ferries, the Southend-based charter airline, are likely to be acquired by Mostjet, a company formed for the purpose.

British Air Ferries became insolvent earlier this year and Touche Ross, chartered accountants, was appointed by the High Court as administrator of the company.

The acquisition is subject to the consent of creditors.

Another Southend airline, Baltic Airlines, is to be amalgamated into BAF.

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235 185	Ast. Brit. Ind. Ordinary	235	0	8.7	3.7	8.8
235 185	Ast. Brit. Ind. Ord.	235	0	10.0	4.3	-
40 25	Arriva Group and Rhodas	40	0	-	-	-
57 35	BBS Design group (USM)	57	0	2.1	5.9	5.6
171 125	Barton Group	171	0	3.3	1.9	24.1
115 100	Barton Group Conv. Pref.	115	0	6.7	5.8	-
148 115	Ray Technologies	148	-2	5.2	4.4	8.6
114 100	Brenhill Corp. Pref.	110	0	11.0	10.0	-
287 246	CCl Group Ordinary	284	0	12.3	4.3	4.3
145 124	CCl Group 11% Conv. Pref.	144	0	14.7	10.0	-
153 129	Carbo Plc (SE)	153	0	6.1	4.0	13.3
113 100	Carbo 7.5% Pref (SE)	112	0	10.3	9.2	-
357 147	George Hild	357	-1	12.0	3.6	7.4
115 60	Isis Group	115	-1	-	-	15.1
138 87	Jackson Group (SE)	132	0	3.4	3.1	12.3
350 245	Multitech RV (USMSE)	310	-1	-	-	-
117 40	Robert Jennings	117	0	7.5	6.4	4.4
430 124	Scruttons	403	0	8.0	2.0	37.1
280 194	Torrey & Carline	277	0	7.7	2.8	13.4
180 180	Torrey & Carline CNY Pref	180	0	10.7	10.7	-
96 56	Trevelyan Holdings (USM)	90	-3	2.7	3.0	9.7
113 100	Unilever Europe Conv Pref	108	0	8.0	7.4	-
313 253	W. S. Yates	313	0	16.2	5.2	60.2

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UK NEWS

Nuclear waste assurances fail to satisfy MPs

By Ivor Owen

RENEWED government assurances that the most stringent safety requirements would be imposed on any sites selected for the storage of low-level and intermediate nuclear waste failed to allay the anxieties of MPs on both sides of the Commons yesterday.

Sir Hugh Rossi, the Conservative chairman of the Environment Select Committee, warned that failure to satisfy public opinion would have far-reaching implications.

Opening a debate dominated by the "Nimby" (not in my backyard) syndrome, he said: "If we cannot obtain facilities for disposing of nuclear radioactive waste that will put into question totally the future of the nuclear industry."

Mrs Virginia Bottomley, Junior Environment Minister, emphasised that the Government believed the safe disposal of radioactive waste could be developed in the UK and it expected Nirex (the nuclear industry's waste executive) to make proposals as quickly as possible.

She promised that the Government would continue its policy of full consultation on all significant waste management proposals and contended that those who opposed the use of nuclear power were advocating conventional pollution.

Mrs Bottomley reaffirmed the Government's commitment to the thermal oxide reprocessing plant (Thorp) being built by British Nuclear Fuels at its Sellafield complex and which will have the capacity to deal with imported nuclear waste.

She stressed that since 1976 all contracts with overseas clients had contained an option for the return of the nuclear waste and the Government had



Sir Hugh Rossi warned of far-reaching implications

made it clear that it expected this to be exercised by BNFL. The minister was accused of "complicity" by Mr Allan Roberts from the Labour front bench, who argued that the damage caused by acid rain resulting from the emissions of power stations using fossil fuels could be prevented.

He ridiculed suggestions that the recent speech by Mrs Margaret Thatcher, concerning the Government's determination to safeguard the environment, meant that the "blues have turned green."

Sir Hugh questioned whether a privatised electricity supply industry would wish to send spent fuel for "extremely expensive" reprocessing. He said the Central Electricity Generating Board could buy its fuel cheaper on world markets and suggested that privatisation could lead to a more economical policy being adopted.

Benefits of lead-free petrol to be driven home

By John Griffiths

A NATIONAL "unleaded petrol week" was launched yesterday with government backing against a background of sharply increased hostility by environmental groups towards some car makers.

The week coincides with the start of a Greenpeace billboard campaign in several cities against Ford, the UK market leader; Friends of the Earth plans a day of action against Peugeot.

The campaign is aimed at Ford's refusal to make available the "clean" catalytic converter-equipped cars it sells in other countries. Catalytic converters remove pollutants such as carbon monoxide and nitrogen oxides from exhaust gases.

One Greenpeace poster, adapting the company's own slogan of "Ford gives you more," shows a skull formed from exhaust gases and points out that Ford cars sold in the UK emit more pollutants than Ford cars sold in the US or some continental markets such as Switzerland, Austria and West Germany.

A Greenpeace official warned yesterday that more direct action might be taken against Ford if its poster campaign was ignored.

Friends of the Earth has called for a day of action next Saturday to include picketing of Peugeot dealerships in the UK. It is also calling on motorists to boycott Peugeot products.

The FoE's campaign was triggered by a speech in July made by Mr Jacques Calvet, Peugeot's chairman. It was fiercely critical of proposed tougher exhaust standards in Europe which appeared likely to require catalytic converters to be fitted on many small cars. Subsequently, France withdrew from a planned EC agreement on the subject.

The campaign launched yesterday by Mrs Virginia Bottomley, Junior Environment Minister, and Mr Des Wilson (of Green) has been a series of planning blunders, particularly in connection with the M25, which was planned as the outer of three concentric motorway rings, only one of which was built.

More fundamentally, the public spending system encourages myopia in road planners by concentrating on the capital cost of road schemes rather than on the whole-life cost, which includes maintenance and provision for widening.

Therefore planners have tended to keep down construction costs by underestimating demand. For example, no allowance is usually made for created traffic - journeys which would not be made if the road did not exist.

In a further bid to cut costs, motorways were constructed until recently with a design life of only 20 or 30 years, which is why they seem to be constantly undergoing roadworks.

Underlying the bureaucratic problems is the distortion of population distribution caused by the faster economic growth of the south-east region - which is home to 34 per cent of the population of England and Wales.

Not surprisingly, most of the traffic jams are in the south-east, with the exception of the M5 corridor between Birmingham and Manchester/Liverpool.

As congestion worsens, the roads lobby is exerting enormous pressure for a substantial new roadbuilding programme. Leading the charge is the British Road Federation, which has drawn up plans for a series of new trunk roads, mostly motorways.

These include a Home Counties Orbital motorway to relieve the M25; an M6 relief road; a south coast motorway from Dover to Bristol via

Motorway planners caught in a bottleneck

Continuing this series, Kevin Brown explains why congestion is unlikely to improve

THERE is no more graphic illustration of the transport problems facing Britain than the M25 London Orbital Motorway, opened by the Prime Minister two years ago today.

Almost the entire motorway is operating above its design standard of 85,000 vehicles per day, and parts are carrying more than 130,000.

According to the Freight Transport Association, an average lorry spends 90 hours a year stuck on the M25, at a cost of at least £10 an hour.

Delays on this scale are not just an irritation: with more than 14,500 lorries per day using the busiest sections, it works out at a cost to industry of more than £13m a year.

As every motorist knows, the M25 is just the most extreme example of the increasing congestion which threatens to paralyse much of Britain's road network.

The reasons are not hard to find. As the chart shows, demand for road space rose by more than 40 per cent in the 10 years to 1987, while capacity increased by only 5 per cent.

The motorway network is almost a third longer than in 1977 (taking into account reclassified dual carriageway) but is having to cope with an increase in traffic of no less than 108 per cent.

Why has this been allowed to happen? For a start, there has been a series of planning blunders, particularly in connection with the M25, which was planned as the outer of three concentric motorway rings, only one of which was built.

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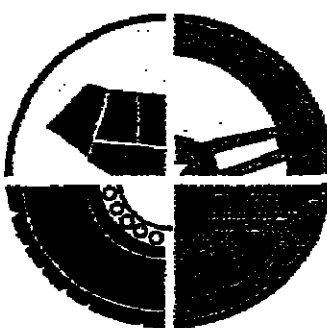
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WHICH WAY FOR TRANSPORT?

Southampton; extension of the M5 to Exeter; an east coast motorway on the A1 route to Newcastle; and an east-west link from Norfolk to Leicester.

The BRF is lobbying hard for the inclusion of some of these schemes in the roads budget. However, Mr Richard Diment, deputy director, admits that nothing much is likely to happen for at least 15 years, even if political approval can be won, because of the substantial lead times - averaging around 15 years - for major road projects in Britain.

This is a big problem for ministers, who badly need to be seen to be doing something immediately in the face of growing public anger. Hence the recent ministerial enthusiasm for private road construction.

Outlines of a number of schemes have been judiciously leaked to maintain public interest. Most have been new starters - for example, who on earth would pay a toll to get stuck behind the slowest driver on a single-lane executive motorway?

Other proposals have fallen foul of the Government's desire for quick results. Costain, the construction company, suggested double decking the M5 and laying an urban motorway under the River Thames from Chiswick to Greenwich. However, both schemes have been put on ice because they could not have been completed before the turn of the century.

The Transport Department is actively seeking private sector proposals which could offer some quick relief, although it is not clear what benefits they would offer.

The involvement of the private sector does not of itself increase the amount of capital available for road building, and financing costs might be higher since the Government can borrow more cheaply than

private companies. The hope would have to be that significant savings could be made through tighter design, fixed-price tenders and wholesale costing.

Even if this could be demonstrated, it is not clear how the Transport Department would prevent the Treasury reducing its budget by an amount equivalent to private sector spending, which would imply no net increase in the roads programme.

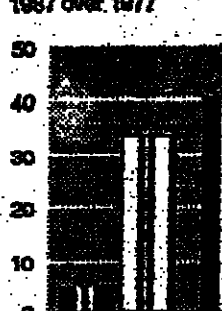
The only UK constructor with experience of operating a private motorway is Leding, which is joint owner of a 3.5 per cent concession on two roads totalling around 180km (112 miles) in Spain.

Mr John Armit, Leding's head of civil engineering, says the project is profitable. However, this is partly because the authoritarian Franco Government of the day carried the land costs and made sure there were no delays in planning or construction. In addition, there are few alternatives for motorists to use.

Building a private road would a very different process in the UK, where planning delays can add years to lead times and add millions of

Road Travel

% Changes 1987 over 1977



All roads Motorways All roads Motorways Road lengths Vehicle use Source: Dept. of Transport

points to construction costs. Even if a private road could be built quickly and on time, it is hard to see how it could be viable. Recent work by Dr Stuart Cole, economics lecturer in Transport Economics at the North London Polytechnic's Business School, suggests that tolls on a double-decked M5 would have to be £12 per journey even at the fairly congested level of 60,000 vehicles per day. At a more attractive level of 30,000, tolls would rise to £50. These figures make no allowance for land costs or profits.

There are other problems too: motorists may want to know why they are being asked to pay tolls when vehicle excise taxes already cover the annual roadbuilding and maintenance bill four times over.

The most likely outcome is that a few short-distance private sector schemes will be given the go-ahead to relieve severe bottlenecks, or where time is some planning gain, such as a road to a new out-of-town shopping centre.

Whatever happens, there is no prospect of a big reduction in the overall level of congestion, because demand will continue to grow strongly unless there is a significant fall in the level of economic growth.

Forecasting transport demand is a notoriously inexact science. However, recent work by Professor Gerald Rhye of the Cardiff Business School indicates that growth over the next 13 years may be even greater than the Transport Department's internal forecast of 38 per cent.

Prof Rhye thinks the number of cars in the UK could rise from around 22m to over 30m, which would imply an increase in usage of up to 50 per cent. It is hard to see how a road system which has grown by 5 per cent in the last 10 years can grow by 50 per cent in the next 12.

MPs urge inquiry into DTI role in Clowes affair

By Peter Riddell, Political Editor

THE parliamentary ombudsman was formally requested by 12 MPs yesterday to investigate the Department of Trade and Industry's role in the Barlow Clowes collapse.

In a letter to Sir Anthony Barrowclough, the parliamentary commissioner for administration, the MPs argue that "the scale of the tragedy requires an early decision and we would urge you to conduct your inquiries as speedily as is practical in the circumstances."

The MPs ask the ombudsman to comment on whether the department should pay compensation to those affected. They also urge him "to take the unusual step of re-considering the file of evidence already compiled by Sir Godfrey Le Queux in his report published last week to see whether he shares the conclusions of Lord Young, the Trade and Industry Secretary, or whether he arrives at a different conclusion as the investors believe he will."

The group of MPs has been

organised by Mr Nicholas Winterton, the Conservative MP for Macclesfield and includes fellow Tories Mr Steven Day (Cheshire), Mr Graham Riddick (Cotnam Valley), Mr Ian Bruce (Dorset), Mr Christopher Hawking (High Peak), Mr Anthony Hume (Selly Oak), Mr Vivian Rendell (Gloucester), Mr Keith Hampson (Leeds NW), Mr David Nicholson (Taunton), Mr Barry Porter (Wirral S), Mr Tim Devlin (Stockton S), together with Mr Bruce Garsell (the Labour MP for Walsall S).

Mr Winterton says he is confident that 50 MPs will have written to Sir Anthony in similar terms by the end of next week.

The MPs' call follows a similar plea from Alexander Tatham, a firm of Manchester solicitors acting for some of the crash victims.

Mr Winterton yesterday described Lord Young's rejection of compensation as "an untenable position in view of the conclusions of this thorough report."

Reinsurance broker loses appeal against injunction

By Raymond Hughes, Law Courts Correspondent

A MARINE reinsurance broker has lost his appeal against a High Court injunction he claimed would have a "devastating" effect on his ability to work in the market.

The Court of Appeal said the injunction, granted to London & Solent, Mr John Brooks' former employer, was necessary to protect it in the "intimate" marine reinsurance market.

The injunction enforced a clause in Mr Brooks' employment contract barring him from working with certain clients of the company for a year after leaving it.

Mr Brooks contended that the clause was an unreasonable restraint on his ability to carry on his occupation.

Giving the court's reasons for dismissing Mr Brooks' appeal at the end of August, Lord Justice Purchas said Mr Brooks had been head of the marine reinsurance broking team at London & Solent and its wholly-owned subsidiary, Carr & Partners.

After his contract with the companies ended Mr Brooks joined a rival firm, Anthony Enderby, and was used by London & Solent for alleged breach of contract.

Lord Justice Purchas said that Mr Brooks denied having tried to solicit or entice away any of London & Solent's clients, but said that some had approached him. Mr Brooks said it was entirely to be expected that customers should wish to continue dealing with the same people.

Mr Brooks said that the injunction had kept him working as a Lloyd's broker for a year. He added that even if it were restricted to a ban on him dealing with anyone who had been a client of London & Solent within the previous two years, "the practical effect on my ability to work at all in the marine reinsurance market would be devastating."

Lord Justice Purchas said that, being in mind the intimate nature of the market, the High Court had been justified in concluding that London & Solent could not be properly protected merely by a non-solicitation clause.

University sees first public company launch

By Ian Hamilton Farny, Northern Correspondent

THE FIRST public limited company to spin off from Salford University Business Services (SBS) - the institution's commercial arm - has been launched. It will specialise in advanced manufacturing systems for industry.

The company, called Salford Technology, is based on SBS' control systems and automation group, which is, in effect, being bought out by its management for an undisclosed sum. Finance has come partly from Mynah Bank, the Manchester-based investment banking arm of Swinton Insurance.

The university group was already selling services to industry worth more than £250,000 a year. The company will specialise in problems in manufacturing industry. Existing customers include GEC, British Aerospace, British Nuclear Fuels and Westinghouse. Salford Technology intends to concentrate on developing systems design and specification, and the building of the resulting plant and equipment.

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Punjab National Bank must face \$28m claim

By Raymond Hughes, Law Courts Correspondent

PUNJAB National Bank has failed to rid itself of a High Court action started against it by a group of underwriters claiming more than \$28m (£12m).

The court rejected the bank's argument that the underwriters' writ had not been properly served on it in London because the bank had, by then, moved its operations to the UK.

The bank had asked the court to set aside the service of the writ on the ground that it had been invalid under a section of the 1968 Companies Act dealing with the service of legal proceedings on overseas companies.

Mr Justice Hirst said that the underwriters sought repayment of more than \$28m paid to the bank under two insurance policies.

The writ had been served on Punjab National Bank in March at the London office of the State Bank of India. It had been addressed to Mr A.K. Bakshi, who had been listed in the Companies Registry as a person living in Great Britain authorised to accept service on behalf of the Punjab National Bank.

By the time the writ was served, however, Punjab National Bank had moved its UK operations to the UK. The court rejected the bank's argument that the underwriters' writ had not been properly served on it in London because the bank had, by then, moved its operations to the UK.

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MEDIOBANCA	
PAID UP CAPITAL LIRE 204,000,000,000 - RESERVE LIRE 500,000,000,000	
HEAD OFFICE: VIA FILODRAMMATICI 20, MILAN, ITALY	
The Shareholders' Annual General Meeting, held in Milan on 28th October 1988, approved the following	
BALANCE SHEET AT 30TH JUNE 1988	
LIABILITIES	Assets
Share Capital	204,000,000,000
Reserve	500,000,000,000
Monetary Revaluation Reserve under Law 70/83	100,000,000,000
Credit Risk Provision	20,000,000,000
Fund Credit Risk Provision	20,000,000,000
Provision for outstanding restructured loans	11,000,000,000
Provision for write-downs in investments in subsidiaries	5,577,870,000
Accumulated depreciation on property	3,420,000,000
Accumulated depreciation on furniture and fixtures	4,400,000,000
Provision for restructured loans	90,577,144,000
Credit risk provision for default interest	384,334,200
Provision for discounts and expenses on bonds issued	3,344,474,800
Time Deposits and Current Accounts:	
- Deposits:	
- Customers	7,340,217,100,000
- Subordinated	1,581,680,700
- Associated Companies	1,581,680,700
- Current Accounts:	
- Customers	228,438,300
- Subordinated	1,000,267,400
- Associated Companies	1,000,267,400
- Deposits subject to fiscal provisions of Art. 26, para. 2, Pres. Decree No. 600 of 29/9/73 and Art. 6 of Law No. 181 of 24/4/82:	
- Customers	4,200,350,300
Foreign Banks:	
- Funds subject to fiscal provisions of Art. 26, para. 2, Presidential Decree No. 600 of 29/9/73:	
- Customers	103,400,104,700
E.I.B. Funds:	
- Bonds	3,657,377,000,000
- Redemptions due to bondholders	2,137,177,000
Mediobanca Central Bank	50,331,510,000
Customers for bills held for collection	18,000,000,000
Smaller creditors	133,250,194,000
Accrued liabilities and deferred income	111,000,000,000
Profit brought forward	247,247,300
Profit for the year after allocation of Lit. 42,730,450,300 to Credit Risk Provision	200,544,537,800
	13,381,578,444,000
Customers for loans agreed on a conditional basis	2,001,536,000,700
Customers for amounts at their disposal under existing loan agreements	176,948,331,000
Customers for unpaid calls	434,485,000
Customers for underwriting syndicates	300,000,000,000
Customers for securities to be received	217,980,801,600
Securities to be delivered	195,010,047,500
Funders of securities subject to repurchase agreements	1,537,124,400
Customers for guarantees and other obligations	176,000,000,000
	16,019,615,038,700
Loans agreed on a conditional basis	2,001,536,000,700
Amounts at disposal of customers under existing loan agreements	176,948,331,000
Unpaid calls	434,485,000
Participations in underwriting syndicates	300,000,000,000
Debtors for participations in underwriting syndicates	203,133,400,000
Securities to be received	217,980,801,600
Debtors for securities to be delivered	195,010,047,500
Securities subject to repurchase agreements	1,537,124,400
Debtors for guarantees and other obligations	176,000,000,000
	16,019,615,038,700

The following resolutions were taken at the Annual General Meeting:

a) to appropriate Lit. 75,000,000,000 to the Reserve;

b) to declare a dividend of 20%, i.e. Lit. 200 per share, on the share capital of Lit. 204,000,000,000 (payable

US-style job-security deals urged

EMPLOYERS and trade unions should negotiate US-style "security contracts" trading flexibility for job security, a prominent trade union leader said yesterday.

The suggestion from Mr Bill Morris, deputy general secretary of the TGWU transport union, is of particular significance since it comes from the left of the union movement.

Speaking to the Institute of Personnel Managers conference in Harrogate, Mr Morris attacked the strike-free, single union agreements being signed by the EETPU electricians and other unions on the right, which he said undermined existing collective bargaining arrangements.

He doubted whether union organisation in companies with such agreements would survive, and was also sceptical about whether they would eliminate unofficial industrial action.

However, he said the TGWU was not taking up a position of outright opposition to all new management techniques. Many could be up for negotiation, and not was the union saying no to new forms of collective agreement.

He said: "I can well imagine new agreements, which trade harmonisation of pay, annualised hours and other flexibility



Bill Morris: trade off in collective agreements

changes for clear guarantees on job security. We could call them security contracts — based on clear rights and responsibilities on both sides."

Such agreements, he said, were already common in the USA, which Mr Morris visited last year on a study trip. He said: "Employers find that they offer flexibility, industrial relations stability, and big gains in productivity — and they allow for strategic planning and customer service."

Deals of this kind in Britain could last for an agreed number of years, with rights to compensation if the job guarantees needed to be modified

or weakened because of changing circumstances.

But Mr Ken Gill, left-wing general secretary of the MSF general technical union, strongly defended traditional collective bargaining. Not only did it have a future in Britain, but it was integral to the country's industrial and economic success.

He said unions were not against the simplification of bargaining, though he strongly attacked single-union deals.

He said: "Orderly collective bargaining arrangements are desirable from a management and a trade union point of view. The assault on collective bargaining, led by the Government, would come to be regarded as a passing fad."

The bargaining process would change, but its change would be evolutionary, not revolutionary. Tackling problems at work could only be done by a collective approach.

But Sir John Wood, chairman of the Central Arbitration Committee, said that collective bargaining in the UK had a "doubtful future."

Sir John, probably Britain's pre-eminent industrial relations arbitrator, said: "I'm very pessimistic about the future of collective bargaining as the



HARROGATE 1988

key regulator of employers and employees."

Modern managerial concepts such as individualism, personal contracts and performance pay all run counter to the fundamental principles which underlay collective bargaining in Britain.

While Britain would remain a major collective bargaining state, he said there was little to stop union recognition going ahead, though it was only marginal at present.

Mr John Purcell, industrial relations expert at Templeton College, Oxford, said that employers in both the private and the public sectors were increasingly changing the scope and structure of collective bargaining, with the defining force for change coming not from strategic shifts in industrial relations, but from shifts in business policy.

Checks on minority employment to increase

EMPLOYERS in multi-racial areas, especially in London and the south-east, are to be targeted by the Commission for Racial Equality for investigation into their implementation of equal opportunities for ethnic minority groups.

Mr Michael Day, CRE chairman, warned that employers who were not making real progress would be vulnerable to formal CRE investigations, of which there will now be about six annually.

He told the Institute of Personnel Managers conference that the Commission would be looking hard at growth areas of employment, especially those industries where skill shortages are likely, or where there will be shortages of better qualified school leavers.

In its new scrutiny of employers, the CRE will be looking for under-representation of black and Asian people in recruitment, training, promotion, and in higher levels of organisations, and for lack of evidence of a programme to improve their recruitment and promotion rates.

Mr Day acknowledged that there are a growing number of employers who have demonstrated a serious commitment to improving opportunities for black and Asian people, but many employers had taken little action.

He said that the CRE would also be issuing revised guidance on contract compliance in the light of the 1988 Local Government Act.

Mr Day said the prospective shortage of young people in the labour market arising from demographic changes offered a real opportunity to reduce the discriminatory gap in the labour market. Employers would need to look to under-used sections of the labour market, and the black and Asian communities contained a wealth of under-used talent.

Because the ethnic minority population was on average younger than the white population, the proportion of ethnic minority adults in the labour market was rising. Forty-two per cent of the white population was under 30, while 60 per cent of the West Indian and 70 per cent of the Asian populations were.

He said: "Employers in shortage areas who do not recruit from the ethnic minority may find they are unable to recruit at all. Ethnic minority recruitment can no longer be ignored."

An alternative view was put forward by officials from the National Economic Development Council, who argued that the main source of recruits for employers wishing to combat the effects of the shortage of young people would be women returners to the labour market.

Mr David Parsons and Mr Cyril Leach from NEDC said that over the next seven years there would be up to 900,000 women keen to return to work. Many would find difficulty because suitable jobs were not available, largely because of a lack of flexibility by employers.

IBM finds 80% of workers are unfit, 5% have drink problem

International Business Machines is spending £120,000 on trying to improve the health of its workers after finding that four fifths of them are unfit, and one in 20 has a serious drinking problem.

IBM discovered the problem after launching a health screening scheme for its 18,000 UK staff which found that 32 per cent had a significant risk of heart disease due to high cholesterol levels in the blood.

Dr Ewan Macdonald, IBM's chief medical officer, told 12,500 IPM meeting that health screening at other companies carried out by Bupa, the health care company, showed that IBM workers were slightly fitter on average.

He said: "It raises the question of what the others are like if these are the results from a relatively healthy company."

IBM is building a running track and five small gyms in its plant in Greenock, Scotland, where 12,500 workers were discovered to be most unfit — drinking and eating too much, taking too little exercise.

It has appointed a manager

Conference reports by Philip Bassett, Charles Leadbeater and John Gapper

and a nurse to take charge of the health campaign at Greenock. It has also hired a nutritionist to give advice on diet and to plan balanced meals for its canteen meals.

The health screening scheme was launched two years ago, and offers all workers free health screening including blood, lung and electrocardiogram tests for older staff and cervical smears and breast examination for women.

The screening, which is contracted out to Bupa, has been taken up by 10,400 staff. Of those, 32 per cent were found to have a blood cholesterol level presenting a significant risk of heart disease.

The figure for the Greenock plant was 40 per cent, and blood pressure of staff was also found to be higher at Green-

ock. A blood enzyme test showed that 6.5 per cent of Greenock staff had a serious drinking problem.

Seventy nine per cent of men, and 75 per cent of women, were obese according to standard medical definitions. Fifteen per cent of men, and 23 per cent of women, smoked.

On an overall measure, 83 per cent of men and 76 per cent of women aged 25 to 44 were found to be unfit. Only six per cent of men and 10.8 per cent of women were judged very fit.

Dr Macdonald said that IBM workers were "not just a bunch of obese slobs." The company's staff tended to live longer than the national average, but the company wanted both to help them and to cut absence from work rates.

The cost of the health screening programme had been about £70 for each employee tested. Absenteeism rates had already been cut from 5.7 per cent at Greenock to 4.8 per cent.

British Coal plans work practice changes

BRITISH COAL plans widespread changes to working practices, and payment systems, including the increasing use of special one-off contracts for teams of miners to complete large projects, to maintain the strong increases in productivity recorded since the last mine strike.

Mr David Holmes, industrial relations director for the corporation's South Yorkshire area, told the conference that the area would increasingly use special contracts, to build upon the revised incentive bonus schemes introduced in 1985, which have been the main motor of strong productivity growth in the area's 18 pits.

The use of special sub-contracts would be a significant move away from nationally negotiated wage rates, and bonus systems.

Special contracts would be offered to miners to complete important tasks, such as driving tunnels, installing coal cut-

ting equipment, and moving machinery around pits. The team agrees a special payment rate to complete the work, sometimes outside normal working hours.

Although the National Union of Mineworkers Yorkshire area opposes the contracts, Mr Holmes said "dozens and dozens" of special contracts had been signed in south Yorkshire pits in the last two years.

Mr Holmes quoted the example of Hatfield colliery where a team of miners had earned between £400 and £500 under a special contract to develop a coal face in seven weeks rather than the usual nine.

He said the contracts were not intended to replace normal weekly wages and bonuses, but to offer miners' temporary bonuses in addition to their normal earnings.

The area was considering profit-sharing bonuses, but these would not play a large role because they were not

linked clearly enough to effort. The corporation also planned to introduce greater multi-skilling for craftsmen, increased flexibility for production workers to minimise idle time, improved teamworking and raise the quality of its first line management.

Mr Holmes said the new payment systems would build on the local bonus schemes introduced at 10 of the area's pits since the end of the strike. These schemes, which depend markedly from the nationally agreed incentive schemes by paying much higher bonuses to those workers, have been the main force behind recent rises in productivity.

Mr Holmes said the corporation also planned to revise bonuses for employees who work on the pit surface, to match those for face workers.

Overall productivity in south Yorkshire in 1986 was 20 per cent higher than in 1982, at nine pits it was more than

44 per cent higher and at one colliery productivity had risen by 148 per cent. More recent figures showed that productivity at Goldthorpe colliery was 260 per cent higher this year than in 1982.

In some pits face workers' bonus payments have more than doubled since the introduction of the local schemes. Mr Holmes said it was common for face workers to earn pounds sterling a week in bonuses, in addition to their normal grade rate of about pounds sterling 170 a week.

Mr Holmes also gave a disarming explanation of how the corporation has introduced local productivity schemes. Local schemes are often launched when output is low, normal bonuses are limited and the alternative scheme appears to deliver large increases in incentive payments. This tends to create a groundswell of support for the revised scheme, he said.

Civil service secondments rose despite constraints

SECONDMENTS between the civil service and industry have almost quadrupled in the last ten years, a senior civil servant said yesterday.

Personnel managers were told that the number of civil service secondments to industry and commerce had continued to rise in spite of a number of constraints — in particular the difficulty of releasing suitable staff.

Mr Geoffrey Wollen, head of the senior staff and Europe division of the Cabinet Office, said that secondments were seen as a valuable part of individual career development, with significant added benefits

to all parties involved.

In a Cabinet Office paper provided by Mr Wollen, figures showed that in 1977, when the secondment initiative was first launched, a total of 123 secondments took place — both into and out from the civil service.

In 1987, the total secondments were 473, almost four times the total 10 years' previously.

The 1987 total showed a slight increase of 1 per cent on the figure for 1986. Outward secondments fell, but inward secondments rose by 3 per cent. Some 185 companies and 21 government departments were involved in the scheme.

Companies told to check risk of equal pay cases

COMPANIES should check their vulnerability against claims for equal pay for equal value, a management consultant told the conference.

Personnel managers were told they needed to adopt a strategic approach to reducing vulnerability, including desegregating jobs, recruiting differently, harmonising terms and conditions, introducing or extending job evaluation and closing the gender pay gap.

Ms Lorraine Paddison, a director of TMS Management Consultants, said of equal value cases: "It is impossible to over-emphasise the time, expense and aggravation these

cases cause employers and applicants alike. The best advice is to avoid cases."

If it was all possible, employers should keep out of tribunal hearings on equal value cases, and employers who were faced with a case should get expert help as quickly as possible. Several employers had been prevented from submitting their full case because they were not fully conversant with the equal value procedure.

She warned: "Also, keep emotions in check as it is vital to be totally objective about the relative worth of the applicants' and comparators' jobs."

Lyndk challenger wants to reunite UDM and NUM

By Michael Smith, Labour Staff

MR ROY LYNDK, president of the Union of Democratic Mineworkers, is to face a challenge from a miner who wants to reunite the breakaway union with the National Union of Mineworkers.

The election will be the first significant test of Mr Lyndk's support in the union since he was elected president unopposed three years ago. It comes at a time when he is steering through a number of controversial policies, including flexible working practices in some pits.

Mr Horace Sankey, vice-president of the south Derbyshire section of the UDM and Mr

Lyndk's opponent, is seeking to unite all mineworkers, including those in the pit deputies union Nacods, into one union.

He would aim to "get together with the wider trade union and Labour movement, leaving no stone unturned to get membership of the Trade Union Congress."

"Failing that, obviously, we would need to look at other like-minded bodies."

Mr Lyndk played a crucial role in the formation of the UDM which was set up by miners in Nottingham and south Derbyshire in the wake of the miners' strike of 1984-5.

Although his position in the

union remains strong there have been tensions within the leadership, particularly over recruitment, and Mr Lyndk has been criticised by some members following the signing of a framework agreement with British Coal over the introduction of day working.

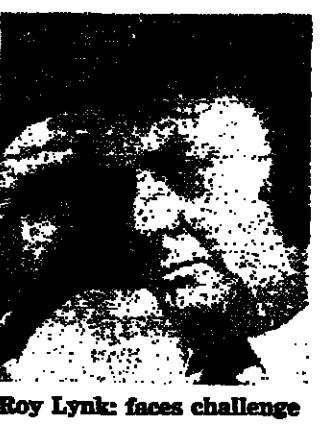
The agreement typified the UDM's conciliatory attitude to the corporation. Last week it concluded a tentative two-year pay and conditions deal which secured pay increases in line with inflation. The agreement is to go to a pithead ballot.

By contrast, the NUM is holding a special conference of delegates next week to discuss

details of a ballot on industrial action over its 1988 pay claim following unsuccessful negotiations with British Coal.

In his election manifesto Mr Lyndk says that the UDM is a union which recognises the realities of economic life. "We must produce coal at a price which makes it competitive with imported coal. If we don't, then pits will close and jobs will go. It's as simple as that."

Mr Sankey, a Labour county councillor in Leicestershire, says in his manifesto that the union "needs to dispel any doubts that the UDM is a 'toy' union or a tool to be used by British Coal."



Roy Lyndk: faces challenge

Benefit investigators claim saving of £34m

By Michael Smith

THE Department of Employment said yesterday that its investigators achieved savings in social security benefit payments of £34m in the first half of the financial year as a result of eliminating fraudulent claims.

The savings represent a 28 per cent increase on the comparable period of last year and compare with £40m in the whole of 1987-8.

Among the allegedly fraudulent claimants were seasonal workers in hotels, holiday camps and amusement centres along the south coast, door-to-door salespeople in Nottingham and building workers in the West Midlands.

Mr Norman Fowler, Employment Secretary, said the vast majority of benefit claimants were entirely genuine but a significant minority delib-

ately defrauded the system by working and claiming benefit to which they are not entitled.


"The cases show that benefit fraud is not confined to one or two areas but is spread throughout the country."

Between April 1 and September 30 about 223,500 investigations were carried out, resulting in 46,900 people withdrawing their claims to benefit. This compares with 185,000 and 39,100 in the first half of last year.

The total cost of the fraud investigations was £23.35m (£7.85m in the previous first half) and the number of investigations rose from 730 to 800. Prosecutions fell from 2,218 to 1,980.

The Department said it was also tackling employers who collude with their staff on fraud.

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29th October, 1988

Notices

to the holders of the outstanding FF 495,000,000 5% Equity Notes Due 2003 of
Yves Saint Laurent S.A.

and to the holders of the Warrants of Yves Saint Laurent Parfums S.A.
(formerly Yves Saint Laurent International S.A.)

to subscribe ordinary shares of Yves Saint Laurent S.A.

NOTICE OF ADJOURNED MEETING

Notice is hereby given to the holders (the "Noteholders") of the outstanding FF 495,000,000 5% Equity Notes Due 2003 (the "Notes") of Yves Saint Laurent S.A. ("YSL") which are constituted by a Trust Deed (the "Trust Deed") made between YSL and The Law Debenture Trust Corporation p.l.c. (the "Trustee") that the Meeting of Noteholders convened for 24th October, 1988 by the Notice dated 30th September, 1988 published in the Financial Times and the Luxembourg Wort is adjourned for lack of a quorum and the adjourned Meeting of the Noteholders convened by YSL will be held at Grand Hotel, 25 Newgate Street, London EC1A 7JH on 14th November, 1988 at 12.00 noon (London time) for the purpose of considering and, if thought fit, passing the following Extraordinary Resolution:

Extraordinary Resolution

"That this Meeting of the holders of the outstanding FF 495,000,000 5% Equity Notes Due 2003 (the "Notes") of Yves Saint Laurent S.A. ("YSL") constituted by the Trust Deed dated 20th November, 1987 (the "Trust Deed") made between YSL and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the Notes (the "Noteholders") hereby:

- assents (subject to the conditions contained in the Explanatory Letter dated 30th September, 1988, a copy of which has been included for the purposes of identification by the Chairman of the Meeting) to the modification of the Terms and Conditions of the Notes as printed on the reverse of them and in Schedule 1 to the Trust Deed and to the provisions of the Trust Deed (a) by the deletion from Clause 7(xix) of the Trust Deed and from Condition 5(vi) of 30th November, 1987 and its replacement by "15th November, 1987" and the deletion of "and in any event not later than 31st October, 1987"; and (b) by the replacement of Condition 4 by a new Condition 4 in the form set out in the draft Supplemental Trust Deed produced to the Meeting in copy of which has been included for identification by the Chairman of the Meeting;
- sancions every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders and the holders of the coupons relating to the Notes against YSL involved in or resulting from the modifications referred to in paragraph 1 of this Resolution; and
- authorises and requests the Trustee to concur in the modifications referred to in paragraph 1 of this Resolution and, in order to give effect to them, to execute a Supplemental Trust Deed in the form of the said draft produced to this Meeting with such amendments (if any) to it as the Trustee shall require."

Copies of the Trust Deed (including the Terms and Conditions of the Notes), the Explanatory Letter and the draft Supplemental Trust Deed referred to in the Extraordinary Resolution set out above are available for inspection by Noteholders at the specified offices of the Paying Agents set out below:

In accordance with normal practice the Trustee expresses no opinion on the merits of the proposed modifications but has authorised it to be stated that it has no objection to the Extraordinary Resolution being submitted to the Noteholders for their consideration.

The quorum required at the Meeting is two or more persons present in person holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one third in principal amount of the Notes for the time being outstanding. To be passed the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast. If passed, the Extraordinary Resolution will be binding on all the Noteholders, whether or not present at such Meeting, and upon all the holders of the Coupons appertaining to the Notes. The method of voting or giving voting instructions is contained in the Notice of 30th September, 1988 referred to above.

Yves Saint Laurent S.A., 29th October, 1988

NOTICE OF ADJOURNED MEETING

Notice is hereby given to the holders of the Warrants (the "Warrants") to subscribe Ordinary Shares of Yves Saint Laurent S.A. ("YSL") issued by Yves Saint Laurent Parfums S.A. ("Parfums") and constituted by an instrument by way of deed dated 29th December, 1986 entered into by Parfums and YSL as amended by a supplemental instrument by way of deed dated 28th October, 1987 that the Meeting of Warrant-holders convened for 24th October, 1988 by the Notice dated 30th September, 1988 published in the Financial Times and the Luxembourg Wort is adjourned for lack of a quorum and the adjourned Meeting of the holders of such Warrants convened by Parfums and YSL will be held at Grand Hotel, 25 Newgate Street, London EC1A 7JH on 14th November, 1988 at 12.15 p.m. (London time) (or as soon thereafter as the Meeting of Noteholders referred to above has been completed) for the purpose of considering and, if thought fit, passing the following Extraordinary Resolution:

Extraordinary Resolution

"That this Meeting of the holders of the Warrants (the "Warrants") to subscribe Ordinary Shares of Yves Saint Laurent S.A. ("YSL") issued by Yves Saint Laurent Parfums S.A. ("Parfums") and constituted by an instrument by way of deed dated 29th December, 1986 entered into by Parfums and YSL as amended by a supplemental instrument by way of deed dated 28th October, 1987 together the "Instrument") hereby:

- assents to the modification of Condition 4(b) of the Warrants as printed on the reverse of them and in Schedule 1 to the Instrument and Clause 3(A)(c) of the Instrument by the deletion of "29th December, 1987" and its replacement by "15th November, 1987";
- sancions every abrogation, modification, compromise or arrangement in respect of the rights of the Warrant-holders against Parfums and YSL involved in or resulting from the modifications referred to in paragraph 1 of this Resolution; and
- approves the execution by Parfums and YSL of the Second Supplemental Instrument in the form of the draft produced to this Meeting and for the purposes of identification included by the Chairman of the Meeting."

Copies of the Instrument (including the Terms and Conditions of the Warrants), an Explanatory Letter prepared by YSL and Parfums and the draft Second Supplemental Instrument referred to in the Extraordinary Resolution set out above are available for inspection by Warrant-holders at the specified offices of the Warrant Agents set out below:

The quorum required at the Meeting is two or more persons present holding Warrants or voting certificates or being proxies and holding or representing in the aggregate over 50 per cent of such Warrants so held or represented. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than 75 per cent of the votes cast. If passed, the Extraordinary Resolution will be binding on all the Warrant-holders, whether or not present at such Meeting. The method of voting or giving voting instructions is contained in the Notice of 30th September, 1988 referred to above.

Yves Saint Laurent Parfums S.A., Yves Saint Laurent S.A., 29th October, 1988

Paying and Warrant Agents

Bankers Trust Company
Dorchester House
88 Old Broad Street
London EC2P 2EE

Bankers International & Luxembourg S.A.
2 Boulevard Royal
L-2903 Luxembourg

Credit Suisse Paribas
Paradeplatz 9
CH-8001 Zurich

YSL is a société anonyme incorporated under the laws of the Republic of France on 15th September, 1981, having, unless extended, on 15th September, 2000, registered office at 5, Avenue Marceau, 75116 Paris. Share capital 906,442,300 French Francs. RCS number: Paris 832 376 201.

Parfums is a société anonyme incorporated under the laws of the Republic of France on 30th May, 1984 having, unless extended, on 30th May, 2002, registered office: 23-34, Boulevard du Parc, 92221 Neuilly-sur-Seine. Share capital 1,350,982,800 French Francs. RCS number: Nanterre B 329 748 045.

This notice has been approved by an authorised person for the purposes of the Financial Services Act 1986 of the United Kingdom.

FINANCIAL TIMES

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Saturday October 29 1988

How to land softly

IF YOU have just tripped in your dash for growth, you can at least hope for a soft landing. These are, presumably, the thoughts of the Chancellor of the Exchequer at the moment. What are the chances of a soft landing for the UK economy?

The remarkable growth of the past two years has delivered three interesting lessons. First, in a deregulated financial system, the Government finds it difficult to control a private sector spending boom even when its own spending is firmly under control.

The second is that it is not necessarily in its own interest for a Conservative Government to be given the benefit of the doubt by financial markets. Without the vote of confidence from the foreign exchanges earlier this year the Chancellor of the Exchequer would have been better able to combine exchange rate stability with a sensible monetary policy.

Finally, by trying to stabilise the exchange rate without carrying the Government as a whole with him, the Chancellor has landed himself in the worst of both worlds. His monetary policy has neither enjoyed the credible discipline of full membership in the European Monetary System nor been directed to the symptoms of excessive expansion of domestic demand.

But it is no use crying over the spilled milk. The question is what needs to happen now.

House price bubble

A rosy scenario might go as follows. Higher interest rates, timed perfectly to hit the peak of the house price bubble, will produce a sharp reduction in the growth of consumer demand. Meanwhile, the present exchange rate provides not only the desired constraint on excessive wage increases but also an incentive for a reorientated manufacturing industry to increase investment, output and - above all - exports. As exports rise, the increase in output will be sustained as demand growth slows. The deterioration of the current account will cease and, in time, start to reverse itself.

A great deal has to go right for this to happen. But the current account figures released this week give a little encouragement, though not much, since a deficit of £560m, however satisfactory against the figures for July and August, is still remarkably large. A deficit for the year of more than £12bn is highly probable, and of more than £15bn is possible.

Much of the improvement against the previous month is due to erratic items, but there is a silver lining. The export volume of manufactures

(excluding erratic items) rose by 6 per cent in the third quarter of 1988 over the second and by 8 per cent over the same period of last year.

The current account deficit is, in any case, not itself the problem. It is a symptom of the problem, which is growth of overall demand at something like 7 per cent this year. The deficit is rather a welcome safety valve. It has minimised inflationary pressure, while generating sufficient worry about the exchange rate for the Chancellor to be able to push interest rates up by 4½ percentage points from their nadir last May.

Nightmare scenario

Consider a less favourable scenario. Suppose that six months from now earnings were to be rising by 11 per cent a year. Suppose also that higher interest rates were then required to stabilise the exchange rate. There could then be the beginnings of an unexpectedly sharp recession. Productivity growth in manufacturing could fall to 3 or 4 per cent a year, and in the economy as a whole to below 2 per cent. The underlying rate of inflation could soar to as high as 8 per cent and exports would become increasingly uncompetitive. Still higher interest rates would be needed to prevent the currency from collapsing.

This sounds like a nightmare and so, indeed, it is. But it is not inconceivable. Much depends on the effectiveness of the current combination of interest and exchange rates. In general, interest rates are not a very powerful lever over demand. Moreover, British industry is so profitable that there can be no great squeeze on wage bargaining.

What can the Chancellor do to make the rosy scenario more likely? Wage pressure has to be watched. If there are further increases in wage inflation, higher interest rates and a higher exchange rate will, unfortunately, be needed.

By the end of the year a judgment will also have to be made on how tight next year's budget should be. The Chancellor will probably have to go further than just taking this year's outcome for the PSBR as a new medium term target. Tax increases or substantial reductions in current fiscal privileges may be necessary. Finally, interest rates cannot now be lowered, even if the exchange rate does appreciate, until the decline in both the growth of demand and wage pressure is obvious. What is more, even with all this, the economy may still end its dash for growth flat on its face.

After seven years covering parliament, Peter Riddell reflects on the continuing importance of the Commons

It is fashionable to decry the importance of parliament. The House of Commons is widely seen as merely a rubber stamp for what Mrs Thatcher has already decided. There may be squalls, even occasional storms, but they do not shift the direction of the mighty liner Thatcherism.

On this view, life at Westminster is a noisy, self-obsessed sideshow with the MPs indulged on small matters, but dragged into line by party whips on big issues.

There is something in one or two of these charges. But, taken as a whole, they are seriously mistaken and reveal a profound misunderstanding of the role of parliament.

From my seven years of looking down on the green benches of the Commons and walking the corridors of Westminster, parliament does not appear to be an institution in decline. It remains as central to British political life as ever.

The sceptics tend to lament the power of the whips and the reduced importance of the backbench MP. Yet what they regret is what is central to the functioning of any parliamentary system. Without party and without tight discipline there would be no coherent structure. Party offers voters the opportunity to express a broad preference about who should run the country. If MPs were free to exercise a wide degree of independence outside the bounds of party, the choice of voters would be arbitrary.

Moreover, it is not only an absurd but also a dangerous pipe dream to believe that each MP should judge each issue on its individual merits. This would not only result in total confusion but would stop any controversial measure because the power of vested interests would ensure stalemate and block change. This happens frequently with private members' bills and was also demonstrated on one of the very rare occasions when MPs did defy the whips on a large scale. That was in April 1986 when the Government bill to liberalise Sunday shop opening hours was defeated. Party normally offers protection against such pressures. It helps rather than inhibits radical change.

This is not some modern heresy. Representative democracy cannot function without a tight party system. In his book *The English Constitution*, published in 1887 at the supposed height of the power of the Commons, Walter Bagehot argued that "party is of the essence. There never was an election without a party." Moreover, "the principle of parliament is obedience to leaders. Change your leader if

Party is central to the system. Without tight discipline there would be no coherent structure.

you will, take another if you will, but obey number one while you serve number one, and obey number two when you have gone over to number two. The penalty of not doing so is the penalty of impotence. It is not that you will not be able to do any good, but you will not be able to do anything at all. If everybody does what he thinks right, there will be 657 amendments (the then size of the Commons) to every motion, and none of them will be carried or the motion either."

The role of parliament is still primarily, as Bagehot said, as an elective chamber - in modern terms to translate voters' wishes into the choice of Government and to sustain its pro-



The only ladder to political power

gramme. This is no mere academic matter. For three years in the late 1970s Labour stayed in office without an overall majority by attracting and keeping the support of sufficient minority party MPs. When they deserted in March 1979, the Government lost a vote of no confidence by one vote.

Bagehot defined other functions - expressive of the mind of the electorate, teaching and informing society, and legislating. All these still apply. A government with a clear majority may get its way most of the time, but it still has to listen to its supporters, make concessions and respond to demands. It cannot avoid dealing with the issues of the day raised in parliament. This mainly means the Commons. While the elected chamber is underrated at present, the non-elected Lords is generally overrated. The revising function of peers is useful, given the pressures of time, but the opinions aired there are often better expressed in the opinion pages of newspapers.

The Commons provides a forum for the central interests of the nation to be expressed. Few shades of opinion are excluded. The frustration of Georgians from Tyneside over shipbuilding or Scots over the poll tax is heard, as are the divided tongues of Northern Ireland. These protests may lead at times to rowdy behaviour which appears unintelligible to outsiders, but better than the anger of the unrepresented banging on the door. Reflecting such diverse interests, the

Commons is bound to be messy and untidy. Moreover, for all the tut-tutting about MPs being noisy, the Commons is much better behaved than in the 1880s or 1910s.

This expressive function is better conducted on big than small issues. For instance, the anger and bewilderment of most British people over the Argentine invasion of the Falkland Islands in 1982 was fully reflected in the debates in the Commons - as were the objections to Government policy of 30 to 40 Labour MPs led by Mr Tony Benn in his role as traditional champion of radical dissent.

The Commons responds in the main to headlines - the front pages of newspapers plus what is in MPs' post-bags. Various ingredients are required before an issue takes off - impact on constituents, a few simple features (a touch of scandal), and often nationalism ("wicked foreign predators"). MPs recently got worked up about the Barlow Glows affair which has affected so many of their constituents. This has attracted all the usual run-of-the-mill MPs, to whom everything is shocking, and those with bareheaded schemes like Mr David Shaw, the Dover MP with his personally devised lifeboat. Yet when, about three years ago, the Commons was debating the overhaul of the regulatory system in the Financial Services Act, only 20 to 30 MPs took any interest, and barely half a dozen on the opposition side. There is little understanding among MPs of the detailed workings of business or the City.

Parliament also ensures that the executive is accountable, not in the detailed way of those who would like the Government to be run by the Commons, but more generally in the sense that ministers are directly answerable. Indeed, some of the disappointment expressed about select committees is misplaced. It is not the job of these committees to make policy, but rather to scrutinise the implementation of policy. In this role they have ensured that ministers and civil servants have had to explain what would otherwise have remained secret. A series of committee reports recently, on electricity privatisation and the funding of the health service for instance, have embarrassed ministers and influenced the public debate.

Moreover, unlike, say, the US presidential system, the head of government is automatically called to account by the legislature. Prime Minister's questions has its faults and its roundness, but Mrs Thatcher does have to appear twice a week to deal with the issues of the day. She has to answer, however easy she now finds the process.

Political careers are also still made, and broken, in the House of Commons. Its members form the group from which virtually all ministers are chosen. Very few can sidestep that process. And there are strict limits on the careers of those who do. Lord Young may have considerable influence over policy within Whitehall, but his position is still, wholly dependent, on Mrs Thatcher.

The significance of the Commons as a career ladder is shown not only by the fierce competition to be elected, but also by the desire of many with successful careers outside to get in. There is no alternative route as in the US where a state governor, like Michael Dukakis of Massachusetts, or Mayor Cuomo of New York, can have national influence without ever having served in Congress.

It is in the Commons - the chamber, in committees and in chief along the corridors - that careers are made. Some are elected on the first rung on the ladder and others, as in the case of Mr Leon Brittan, the current secretary of the Department of Trade and Industry, make his name as a strong debater, notably on health matters last winter.

All this is even more true in opposition, where Mr Bryan Gould and Mr Gordon Brown have both kept to prominence and places in the shadow cabinet in the past two years as a result of successfully putting pressure on the Government. Similarly, Mr Kinnoch's problems nationally, in part, reflect his failure to establish a commanding authority in the Commons.

By contrast, there are few more cruel sights than the Commons when a minister's career is on the slide and he can do little right. The whole of the Commons is against him. The sad case of Mr Leon Brittan in early 1986 reflected his inability to convince his fellow Tory MPs. This led directly to his resignation. That was also one of the few occasions when Mrs Thatcher was not her usual confident self.

The most striking characteristic of the past seven years in the Commons has, however, been the Prime Minister's dominance. She is not a classically great orator. She does not have an instinctive feel for language, like Roy Jenkins, Michael Foot or Kenneth Powell. But her resolution and certainty shine through.

At present, at the height of her powers, she can be dismissive of opponents like Mr Kinnoch - "not in command of his material." It is the steamroller, not the rapier. Yet she has been discomfited, not only over Westland, but also over the health service, over social security changes and in the early stages of the Falklands war, which, Kenneth Powell masterfully noted, would have been a disaster if Mrs Thatcher had not been there.

The Commons provides a forum for the central interests of the nation to be expressed.

Overall, the Commons can be self-absorbed, silly, pompous (especially when MPs congratulate themselves on a great Commons session), but also sensible and reflective of the concerns of the country.

All this will be enhanced rather than undermined by the arrival of the television cameras next year - radio having been an instantaneous half-way medium. The House will change, but for the better, as some of the loud-mouths and idiots are curbed. Instead, voters will have a chance to see the Commons perform its traditional role as the chamber from which ministers emerge and to which they are accountable.

Peter Riddell is shortly going to Washington to become the FT's US editor.

Eric Pickles' big and burly figure sagged exhausted in his chair in the faded Edwardian splendour of a Harrogate spa hotel. He was there to escape the hub of Bradford, 20 miles away. His words were quiet with deep fatigue.

"It has been an incredibly difficult week," he sighed. "It's been physically uncomfortable and personally unpleasant. One can joke about being compared with Pinocchio and Poirot - but there is a viciousness about the opposition that sickens me."

It comes from the Labour Party and its closely-allied officers of Nalco, the local government white collar union, in Bradford, a Yorkshire city of some 460,000 people. Labour believes that Year Zero began on September 22 when the Conservatives won a crucial by-election and took control of City Hall.

Mr Pickles, a 36-year-old emergent Tory star, is conducting the revolution. At 4am on Wednesday, after a pandemonium-filled 12-hour council meeting, his party's cost-cutting plans to restructure Bradford's local government were carried on the casting vote of the Lord Mayor, the council's chairman.

The proposals will save £6m. This will be achieved by cutting administrative jobs in the finance, personnel, chief executive's, social services and architect's departments, as well as raising charges for car parking, cemeteries, planning applications, school meals, and pensioners' day centres. In addition, some old people's homes will be privatised, planned staff increases in others will be scrapped and the opening of more social services offices deferred.

The long-term significance of these plans is their attack on Nalco's City Hall power base. Mr Pickles and his colleagues want the management of local government to change in the way they believe the UK private sector has changed in the last nine years under the combined pressures of recession,

Eric Pickles

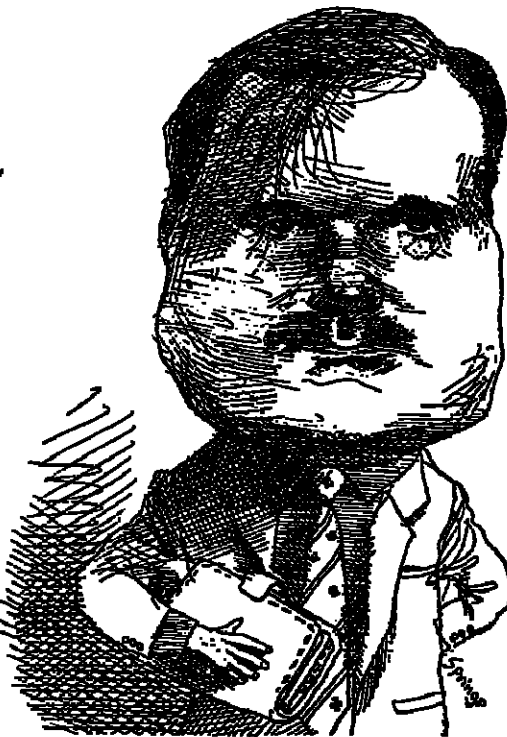
Thatcherite at the head of the Bradford revolution

By Ian Hamilton Fazey

competition and Thatcherism. This means stripping out whole levels of administrators and middle managers - "message carriers" he calls them - and using information technology to give senior managers much more direct control. Politicians will set the policy but keep out of its implementation. Senior managers are being put on incentive pay schemes to encourage them. Mr Pickles believes this will make City Hall more responsive to the demands of an electorate which pays its wages. He says that Labour and Nalco members have for too long regarded the public as "at worst a nuisance and at best a collection of client groups to patronise."

The Nalco leadership is now campaigning to get the union's members to vote for a strike. They have already been instructed not to implement

MAN IN THE NEWS



the council's policies, an action which Mr Pickles believes to be of such constitutional importance that it can only help the Conservatives in the end. The world is, therefore, likely to hear more of Mr Pickles, who is beginning to realise with horror that this may well mean the end of normal life as he and his wife Irene - they have no children - have known it so far. He has always lived in Keighley, which since 1974 has been within Bradford's local government boundaries. His father had a grocery shop. His council ward includes the Brontës' home, village of Haworth and some of the moorland made famous by Emily Brontë's novel *Wuthering Heights*. Walking the moors and Dales is his main form of relaxation. He is a freelance legal con-

sultant who has made a good living from advising solicitors on employment law and industrial injuries. School was the local comprehensive, followed by Leeds Polytechnic. He passed his Law Society Part One examinations but never completed Part Two. Now, the profession's regulations have changed and he would need to go back into full-time education to qualify as solicitor. "I can't afford it," he says ruefully. He qualifies as a yuppie by being young and upwardly mobile, but the image does not fit. The accent is Yorkshire, with short "e's" and missing arches. "My only yuppie accessory is my diary," he says, producing a bulging Filofax from the pocket of a well-worn Barbour jacket. It falls open at a complete analysis of Bradford's political

demography, which he updates regularly to assess shifts in voting patterns and plot the next most vulnerable Labour seats to attack. He is a product of the years of Mrs Thatcher's party leadership, rising through the Young Conservatives to become national chairman in 1980-81. He even won his council seat on general election day, 1979, when Mrs Thatcher came to power.

He says he is not sure whether Thatcherism is a style or a philosophy. His own policies have sprung from reports by the Audit Commission - the watchdog on local government spending - on improving town hall management.

Leadership of Bradford's Tories was forced on him last year when his exhausted predecessor resigned by press statement before Mr Pickles, his deputy, could persuade him to go on. His approach has been to spread the load among colleagues, reducing every issue to one sheet of A4 after weeks of internal debate.

"There are now about 25 sheets of A4 all on a word-processor and evolving. He says, as a living document which is updated constantly. He expects Conservative Central Office to ask for a copy soon.

Time is one worry, another his girth. He has been up to 20 stone and down to 13, but finds it impossible to diet when under pressure. "We have been on permanent war footing for months, so I'm up to 15 stone," he says.

"I don't need much sleep. I rise between 4 and 5 am and do a lot of paperwork and writing before 9 o'clock. Then I go out on any business I have to do. Generally, I have a political half-day on Wednesday afternoon, but it has been more time-consuming since we took power."

The contrast is with political opponents, employed by neighbouring Labour councils, who are allowed almost unlimited time off for politics. The question Conservatives may well have to ask is whether he can keep it up.

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UK COMPANY NEWS

Ferry Pickering in £49m merger with Cundell

By Vanessa Houlder

FERRY PICKERING Group, a carton manufacturer, and Cundell Group, a corrugated packaging maker, have announced plans for a merger. The enlarged company, to be known as CFP Group, will be capitalised at £48.7m.

The merged group would benefit from the complementary products made by the two companies, according to Mr Graham Nixon, chairman of Ferry Pickering. In addition, the merger would create a new product range by applying Ferry Pickering's technique of inserting clear PVC panels in boxes to Cundell's product range.

Furthermore, there would be significant economies in sourcing, distribution and research, he said. The merger would also

provide greater opportunities for expansion which will probably take the form of growth in Continental Europe.

The announcement, which was well received by the City, prompted a jump in Cundell's share price from 128p to 146p and a 23p rise in Ferry Pickering's price to 188p.

Ferry Pickering, a Leicester-based group, is involved in printing, packaging and specialist publishing services as well as organising specialist trade exhibitions. Its pre-tax profits are estimated to be at least £3.5m on turnover of £19.5m for the 14 months to August 31, at which time its net assets were £15.1m.

Cundell, which is based in Chelmsford, makes quality packaging and promotional

material from corrugated board. It concentrates on creative and decorative packaging, one of the fastest growth sectors of the corrugated industry. Its pre-tax profits for the half year to July 1 were £1.3m on turnover of £18.8m. Net assets at the end of 1987 were £9.2m.

Ferry Pickering is offering seven of its shares for every nine Cundell shares, valuing Cundell at £26.4m. So far, the offer has been accepted by directors who hold 5.9 per cent of Cundell's shares and 9.5 per cent of Ferry Pickering's shares.

Mr Nixon and Mr Brian Pix, head of Cundell, will act as joint chairmen of the enlarged group until a non-executive chairman is appointed.

French Connection profit fall hits shares

By Alice Rawsthorn

FRENCH CONNECTION, the USM-quoted fashion group, yesterday announced a sharp fall in pre-tax profits in the first half of the year. The drop from £2.5m to £1m reflected difficult trading conditions in Europe and the US.

Unveiling the group's preliminary results in the summer, Mr Stephen Marks, chairman and chief executive, had warned shareholders that interim profits were likely to fall. He said yesterday that the trading climate had been more difficult than expected and that it was "very tough" in the second half.

The group's sales fell to £29.3m (£30.6m) in the six months to July 31. Earnings per share plunged to 3.3p (8.3p). The interim dividend is unchanged at 1.75p.

The core French Connection retailing and wholesaling business in the UK had fared reasonably well, said Mr Marks. And the Nicole Farhi designer division had performed "very well".

But the company encountered difficulties with French Connection in France, where the market was far weaker than expected. Similarly it incurred costs in establishing a new wholesale and distribution business in West Germany.

Best of All Clothing in the US suffered from lacklustre retail sales and from increased pressure on margins. Its contribution fell by about £500,000 to £200,000 in the first half. Mr Marks said that so far there was no sign of an improvement in its performance.

The losses of Bukta, the UK leisurewear company, were heavier in the first half. A new management team has been installed. The management of Western Jeans has also been changed. As a result it returned to profit in April.

Mr Marks said that weak clothing sales in the UK, combined with continued problems in the US, should cause a sharper, albeit more modest, fall in profits in the second half.

● COMMENT

In its short career as a publicly-quoted company, French Connection has delivered disappointment after disappointment to the City. There has been a strike in a clothing factory; unforeseen problems with a US subsidiary; and even delays in deliveries from India after the assassination of Mr Gandhi. Investors had been warned to expect another disappointment yesterday. Yet these interludes were somewhat worse than expected and the shares fell by 10p to 115p. The immediate outlook is little better. The City hopes for profits of £3m for the full year. It will take a long, long time for French Connection to convince the City that its shares - on a prospective p/e of 11½ - are worthy of a re-rating. The only source of solace for shareholders is that the shares have languished for so long that there is no reason why they should fall further.

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ICI sells another part of Stauffer in £40m deal

By Vanessa Houlder

IMPERIAL Chemical Industries has virtually completed the sale of the non-core businesses of Stauffer Chemicals, the US agrochemicals company it acquired in June 1987.

Yesterday it announced the sale of the Stauffer Chlor Alkali business, a manufacturer of chlorine and caustic soda based in Nevada and Louisiana to the Houston-based Pioneer Chlor Alkali Holdings. It is believed the price was £40m.

ICI bought Stauffer at a cost, including debt, of \$1.925bn. Soon after it sold the Stauffer Specialty business to Akzo for \$225m and the basic chemicals

side to Rhone-Poulenc for \$822m. The sale of the more minor parts - trial farms, laboratories, the Chlor Alkali business and a foods operation - together with other property and divisions yet to be sold, is expected to reduce the cost of the Stauffer business to \$700m.

The Stauffer acquisition made ICI the third largest agrochemical company in the world. The Stauffer businesses, which are spread throughout the US, East and West Europe, South America and South East Asia, gave ICI major positions in corn and rice herbicides.

These joined its existing range of herbicides, pesticides, fungi-

cides, growth regulators and other products.

Following the acquisition, ICI integrated the distribution and sales networks in the US and Europe and rationalised the research and development activities. It now intends to add to its agrochemicals business through niche market acquisitions. It also has 20 new products under development.

The US drought is expected to provide further opportunities for the US seeds business. Extra business may stem from the additional land that is likely to be brought into corn production next year to make up for this year's shortfall in yield.

Rationalisation moves leave Hopkinsons in loss midway

HOPKINSONS Holdings, Huddersfield-based valve maker, swung from profits of £23.2m to losses of £1.7m in the six months to July 31.

The period saw turnover decline from £37.45m to £35.97m and trading profits plunge from £2.4m to £83,000. The pre-tax result was struck after taking account of an exceptional provision of £32.2m.

The directors, headed by new chairman Mr Peter Frost, said the group had undergone the first stages of a major rationalisation programme. They pointed out that this had had a depressing effect on trading performance in the short term, but added that they were confident Hopkinsons would benefit in the longer term.

As a gesture of their confidence in the future they are maintaining the interim divi-

dend at 1p. Loss per 25p share worked through at 3.59p.

The half year setback followed hard on the heels of a depressing 1987-88 year which saw Hopkinsons' pre-tax profit fall, steadily, to £1.5m (£9.14m). The group also reported a large write-off on factory closure.

Last July, Northern Engineering Industries announced that it had increased its stake in Hopkinsons to 6.4 per cent.

EC view supports Pernod move

THE EUROPEAN Commission has taken the preliminary view that Pernod Ricard did not act in an anti-competitive manner when it sought the support of some of Irish Distillers' shareholders before launching its

opportunity to accept Grand Met's takeover offer.

The Takeover Panel has also investigated the same activities when it sought the support of some of Irish Distillers' shareholders before launching its

agreed bid, writes Lisa Wood.

Grand Metropolitan, which is making a higher offer for the Irish whiskey company, had complained to the EC that Pernod and Irish Distillers had acted in such a way as to prevent shareholders having the

chance to accept Grand Met's takeover offer.

The EC had looked at the activities under the terms of Article 85 while its criteria were laid down by the Code.

Pernod has appealed against the Panel executive's decision, while Grand Met has been invited by the EC to provide further comments before it takes its final position.

● Eiders, which is mounting a £1.6bn bid for Scottish & Newcastle, has topped up its stake to nearly 14 per cent.

Bremner chairman claims mandate for development

By James Buxton

MR DENNIS MCGUINNESS, chairman of Bremner, the strife-ridden company where the main activity is stockbroking, claimed after an acrimonious and noisy annual meeting that he now had a mandate from shareholders to develop the company.

He beat off a series of challenges from Mr Jim Rowland-Jones, the former chairman of the Glasgow-based company who was voted out of office in January this year. But Mr Rowland-Jones, who controls nearly 15 per cent of the company's equity, said he was planning fresh legal action against Bremner.

Shareholders voted by 5.2m shares to 3.3m in a proxy vote to confirm Mr McGuinness as chairman. The board won votes on four of the other five issues put to the vote, but on a fifth - a special resolution amending the articles of the company - it failed to receive the necessary 75 per cent majority.

Mr McGuinness ruled out of order the motions put forward by Mr Rowland-Jones proposing that he and three other men be elected to the board.

Other shareholders severely criticised the running of the company. One pointed out that administrative expenses of £22,000 exceeded turnover of £74,000 and there were calls for independent non-executive directors to be appointed.

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Grand Central advances

GRAND CENTRAL Investment Holdings, an international food manufacturer and distributor, its management in mid-1988, raised its profits by 20 per cent to £431,000 pre-tax for the first half of 1988.

The company, with interests in the UK, Australia, Singapore and Malaysia, also announced that it was moving into Hong Kong via the acquisition of 70

per cent of Cando Food & Beverage International, a confectionery distributor, for some £275,000 cash.

Half year turnover totalled £7.36m (£6.8m). Earnings amounted to 14p (11p) per 10p share and the interim dividend is being lifted to 0.35p (0.3p) on the enlarged capital.

Pre-tax profits for 1987 rose to £1.43m (£1.0m).

Mitsui Life buys 9% stake in Brit Arrow

Britannia Arrow, fund management and financial services company, has announced that Mitsui Life Insurance has acquired a 9.07 per cent stake in the company. Britannia said that it was informed of the stake - 21.2m shares - yesterday.

The statement was made shortly before the market closed, and last night no one at Britannia was available to comment.

Last month, Daiwa Mutual Life Insurance Company declared a 9.45 per cent interest in the UK group.

Yesterday, Britannia shares were unchanged at 106p.

Recovery continues at J England

J England Group continued its recovery into the first half of 1988 with a pre-tax result of £41,263 for the six months to June 25 compared with losses of £22,903.

Turnover for the produce supplier, convenience food maker and garment maker, was just ahead at £1.58m (£1.56m). Directors said the improvement had been due to satisfactory trading from its principal subsidiary, J England Foods, and the sale of the loss-making J England Designs.

Earnings amounted to 0.6p (losses 0.5p) per 5p share, and there was an extraordinary £222,661 credit this time.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Bentley	0.1	Dec 30	0.75	0.85	0.85
By Assets Trust	0.7	Nov 28	0.6	2.7	2.35
Clarkson (H)	2.25	Nov 28	2	5.25	5.25
Claydon & Co.	2.2	Jan 3	2	9	9
Craig & Rose	2	Jan 3	2	12.75	12.75
Frederick Agri Inds.	0.5	Jan 3	0.5	1.5	1.5
Ferguson Inds.	3.75	Dec 8	3.4	10	10
Fleming Unvers.	0.6	Jan 3	0.6	2.1	2.1
French Comm & Int.	1.75	Jan 13	1.75	5.25	5.25
Govett Strategic	2.9	Jan 3	2.7	4.3	4
Grand Central	0.35p	Dec 8	0.3	0.6	0.6
Hopkins	1	Dec 8	1	3.33	3.33
Inva Capital Trst.	4	Jan 3	3.55	14.8	12.7
New Throg Trust	1.75	Jan 17	1.5	6.5	6.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market.

T-Line fails to negotiate takeover of Suter

By Ray Beckett

THOMSON T-LINE, industrial holdings company, has failed to negotiate a takeover for Suter, the group with distribution, manufacturing and property interests headed by Mr David Abell. It would have valued the company at more than £300m.

The discussions collapsed late on Thursday night when fully licensed representatives of the two sides failed to agree on the size of the cash element of the offer.

Thomson T-Line is understood to have been offering a share and cash bid worth the equivalent of 75p a share. The offer comprised ordinary and convertible preference shares, believed to be 70 per cent ordinary and the remainder in convertible preference, plus 30p in cash.

The disagreement centred on what the shares of the combined group would be worth after the offer, although an increase in the cash to 60p might have been enough to overcome the opposition.

Following news of the collapse, Suter's shares fell 25p to 25p while Thomson T-Line shares fell 1p to 75p. This gives Suter a market value twice the size of Thomson T-Line.

Negotiations between the boards continued during the week, following Monday's announcement by Suter that it had received an approach that might lead to an offer.

The announcement confirmed City expectations that an offer for the company might emerge. It was widely expected that the offer would be made by the Department of Trade and Industry announced last July that it was investigating share trading in its associated companies.

The altered view of the company has depressed the shares, although the takeover speculation which preceded Monday's announcement, has helped boost their price.

Wilkes acquires James Neill offshoot in £8.95m deal

By Clare Pearson

OWNERSHIP of the Stubbs range of precision engineering products is to pass from James Neill to James Wilkes, both of which are Sheffield-based, in an £8.95m deal that involves the doubling of the latter's share capital.

The consideration is £6.95m to be satisfied by a vendor placing of 3.88m new ordinary shares at 180p each with full clawback provisions on a one-for-one basis. In addition Wilkes will assume £2m of debt.

Warrington-based Stubbs which produces high-speed steel wire, silver steel and engineers files, made operating profits of £1.38m on turnover of £10.10m in 1987 and a similar performance is expected this

year. Wilkes is also acquiring Stubbs Properties, which owns the £25,000 sq ft factory premises as well as a freehold factory in Sheffield.

Wilkes said the well-established Stubbs name offered considerable scope for expansion, especially of the business' less well-known welding activities.

On the current trading of its existing businesses, Wilkes added that the outlook was encouraging and it expected to recommend a 4p final dividend, making 7.5p (7.05p) for the year.

It is Wilkes' second major acquisition since Mr Stephen Hinchliffe took over as chairman in February. It follows the substantial expansion of its beer mat manufacturing side

in July with the £5m purchase of the Belgian company, Waterlout. Wilkes' other activity is box machinery manufacture.

Mr Peter Bullock, chief executive of Neill, said the sale would help his company, which has been subject to persistent bid speculation, concentrate on its core hand and garden tool manufacturing activities.

BM Group, acquisitive engineering and construction concern, earlier this month disposed of a 4.97 per cent stake in Neill, which numbers the Spear & Jackson range of garden tools among its portfolio of brand names. Neill's pre-tax profits were 29 per cent lower at £2.7m in the six months to end-June.

for both businesses which will be sold.

Barrings, which is conducting the sale, said Neill believed they were not compatible with its UK operations and future plans.

The businesses trade as part of Princes-Buitoni which had a turnover of £161m in 1987, of which £14m related to Buitoni products. Adjusted profits

before interest were £6.3m, including about £0.4m related to the Buitoni products which are not being sold.

Buitoni group bought the Princes and Trex businesses, which operate from Liverpool and Southampton, in 1973. Neill is retaining the UK Buitoni part of the business but transferring its operations to Croydon.

Nestlé to sell Princes and Trex

By Lisa Wood

NESTLÉ, Swiss food group, is selling its Liverpool-based Princes and Trex brands and businesses which it acquired earlier this year when it bought the Italian-based Buitoni group.

The sale has provoked enquiries from more than 30 companies in the UK, the US and on the Continent. Analysts are looking for more than £50m

for both businesses which will be sold.

Barrings, which is conducting the sale, said Neill believed they were not compatible with its UK operations and future plans.

The businesses trade as part of Princes-Buitoni which had a turnover of £161m in 1987, of which £14m related to Buitoni products. Adjusted profits

Carless clarifies authorship of circular on Kelt

By Nikki Tait

CARLESS, the oil independent which is fighting a hostile bid from the smaller Kelt Energy group, yesterday made clear that the directors, with the exception of Mr Robert Rayne and Mr Robert Spier, accepted responsibility for the circular to shareholders posted on October 18.

Mr Rayne and Mr Spier are directors of London Merchant Securities, which holds 27 per cent of Carless and which has given a non-binding assurance that it currently intends to accept the Kelt bid.

The statement is understood to have been prompted by complaints to the Takeover Panel by Kelt Energy. Kelt said that it first saw the circular earlier this week.

Avdel rejects £102m offer from Banner

By Nikki Tait

AVDEL, fasteners and assembly systems group, yesterday firmly rejected the £102m cash offer from US-based Banner Industries.

Avdel, formerly known as Newman Industries, described the offer price of 80p a share as wholly inadequate in the context of its current performance and potential and said it would deny shareholders the chance to participate in Avdel's exciting future.

The UK company also elaborated on its own version of the discussions with Banner during the past few weeks. These followed the purchase by Banner of an option over about 27 per cent of Avdel's shares from Suter, industrial conglomerate.

It said that Banner had expressed its belief in the merits of a full merger of its special fasteners division with Avdel. However, "subsequent conversations suggested that there was at best only limited industrial logic in a combination of the businesses of Avdel and SFD, whose products rely on different technology and serve different markets", the British company continued.

"Banner declined to provide the detailed information on the business of SFD required by Avdel to evaluate Banner's claims for the value of a merger".

MARKET STATISTICS

ECONOMIC DIARY

TODAY: National Lead-Free Petrol Week (until November 4).
MONDAY: Bank of England publishes September figures for London sterling certificates of deposit; bill turnover statistics; monetary statistics (including bank and building society balance sheet); sterling commercial paper; and third quarter provisional analysis of bank lending for house purchase. Mr Ruud Lubbers, Prime Minister, and Hans van den Broek, Foreign Minister, of the Netherlands, start four-day visit to Indonesia. International Air Transport Association two-day annual conference opens. Montreal, Association of British Travel Agents meeting opens in Jerusalem (until November 13). TUC conference on electricity privatisation. CBI statement on 1988 initiative. Mr Norman Fowler, Employment Secretary, launches first mobile jobscentre. UN-sponsored conference on pollution opens. Sofia (until November 4).

TUESDAY: Mr Nigel Lawson, Chancellor of the Exchequer, presents the Autumn Statement in the Commons. Israel general election. Gulf Co-operation Council oil ministers meet in Riyadh to prepare for December summit. National Housing and Town Planning Council opens. Brighton Minister, speaks at weekend party briefing, London.
WEDNESDAY: Mr Kenneth Baker, Education Secretary, opens City Technology College, Birmingham. Fine Gael annual conference opens, Dublin (until November 6).

THURSDAY: September housing starts and completions from the Department of the Environment. Mr Nicholas Ridley, Environment Secretary, speaks at National Housing and Town Planning Council conference, Brighton. Mr Nicholas Ridley, Environment Secretary, speaks at weekend party briefing, London.
FRIDAY: Mr Kenneth Baker, Education Secretary, opens City Technology College, Birmingham. Fine Gael annual conference opens, Dublin (until November 6).

WEDNESDAY: October UK official releases from the Treasury. Figures for capital issues and redemptions in October from the Bank of England. Department of Energy publishes September advance energy statistics. Department of Employment releases figures for overseas travel and tourism in August. Employment Gazette published, including detailed analysis of employment, unemployment, earnings, prices, and other indicators. Mrs Margaret Thatcher, Prime Minister, starts visit to Poland (until November 4). National Union of Mineworkers delegates 2000. Transport Secretary, Douglas Hurd, Home Secretary, speaks at Royal Television Society official secrets seminar, London.

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EUROPEAN OPTIONS EXCHANGE

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THURSDAY: September housing starts and completions from the Department of the Environment. Mr Nicholas Ridley, Environment Secretary, speaks at National Housing Conference. Council conference, Brighton. Mrs Virginia Bottomley, Environment Minister, speaks at unrelated party conference.

FRIDAY: Mr Kenneth Baker, Education Secretary, opens City Technology College, Birmingham. First Gael annual conference.

INTL. COMPANIES

Nissan increases domestic sales, but exports slow

By Guy de Jonquieres

NISSAN, Japan's second-largest motor vehicle maker, yesterday reported a strong recovery in domestic sales and a sharp drop in exports for the six months to September 30.

The company said it was confident that the long decline in its share of the home market, which reached 23.4 per cent during the period, had been checked. It also expected exports to the US, the main cause of its poor overseas performance, to rebound strongly in the second half.

Pre-tax income fell to ¥26.6bn (\$200m) in the same period of last year due to a reduction in extraordinary credits from securities sales. However, pre-tax income before extraordinary items rose to ¥77.6bn (\$595m) and net income increased to ¥28.4bn (\$218m).

Operating income increased to ¥31.6bn from ¥23.4bn, but operating revenue fell to ¥1,537.7bn from ¥1,713.3bn a year previously.

Poor US sales, unfavourable exchange rates and increased spending on research and development and promotion cost the company ¥23bn in the

period. However, this was offset by cost savings of ¥20bn, due mostly to reduced procurement costs.

Domestic vehicle sales rose to 554,777 units during the period from 480,902 a year before, due to the launch of new car models and a generally buoyant market. The improvement was due entirely to top-of-the-range models, and cheaper cars fared poorly, Nissan said.

Exports fell to 487,202 from 507,014. High inventories had been successfully cut in the US, the main source of the problem, and new models had recently been launched there. Nissan planned to raise production at its US plant in Kentucky, but had not yet decided by how much or when to do so. It was satisfied by the performance of its UK plant; it was still in loss, although by much less than expected.

For the full year, Nissan forecast net sales of ¥3,000bn, operating profit of ¥1,000bn, pre-tax profit before extraordinary items of ¥1,600bn and net income of ¥500bn. It expected unit vehicle sales to reach 2.3m.

NEC profits rise 64% to ¥41.5bn

By Stefan Wagstyl in Tokyo

NEC, THE Japanese electronics group, yesterday posted a 64.8 per cent increase in interim pre-tax profits to ¥41.5bn (\$320m), mainly due to strong divisional sales growth.

Unconsolidated total sales rose 11.4 per cent to ¥1,181bn in the six months to the end of September. Sales in the computer division rose by 8.9 per cent to ¥500.2bn; in electronic devices (mainly semiconductors) by 23.1 per cent to ¥251.8bn; and in telecommunications equipment by 12.6 per cent to ¥373bn. However, in home electronics, where Japanese producers face increased

competition from south-east Asian countries, sales fell 18.7 per cent to ¥413.3bn.

The company forecast sales of ¥2,500bn (¥2,304bn) and pre-tax profits of ¥1,000bn (¥742bn) for the year to March 1989.

NEC is pursuing a programme of concentrating on markets where it can capitalise on its dual position in communications and computers - the so-called "C&C" strategy. It is investing heavily in semiconductors, where ¥60bn of the current year's ¥200bn capital investment is to be made.

Chief executive of New Zealand bank steps down

MR ROGER Clarke, the chief executive of NZI Bank, has resigned, Hester reports. Mr Don Clark, a director of NZI Bank, has been named as his successor.

A statement from NZI Corporation released yesterday said that Mr Clark's resignation was being examined ahead of publication of the results for the six months ended September 1988. It said the bank, like others in its area of activity, was going through a difficult time.

NZI Corporation is 51 per cent owned by General Accident Fire and Life Assurance of the UK, which acquired the bank earlier this year for \$260m (\$497m).

The parent group said the bank's restructuring was well advanced but staff and auditors had yet to ascertain the

provisions required for the bank against known and anticipated losses.

NZI Corporation said it stood behind the bank, adding: "The position will be considered by the board and full details will be included in the half-year results which should be announced on November 21. It is anticipated that a strengthening of provisions will be desirable."

In June, NZI Corporation reported extraordinary losses of NZ\$228.85m (US\$143.89m) relating to investments in the share market and its banking division.

It reported a net profit of NZ\$39.36m for the year ended March 1988, against NZ\$151.94m the year before. Its net profit for the first quarter of 1988-89 was NZ\$23.13m, down from NZ\$42.96m a year earlier.

Kadoorie family defeats bid for HK hotel group

By John Elliott in Hong Kong

HONG KONG'S prominent Kadoorie family appeared last night to have successfully fought off a bid for its Hongkong and Shanghai Hotels. It had strengthened its position as the controlling shareholder by building up its personal stake in the company to between 39 and 40 per cent.

It is now owned by Lo Yik Sui, a local entrepreneur with a finance, property and hotels group that includes Cathay City, Palumbo, and Regal Hotels, which will not increase his last general offer to take over the company, whose flagship is Kowloon's Peninsula Hotel.

Earlier this week, Mr Lo offered HK\$2.50 a share in cash for the Kadoorie family stake, which then stood at 37.2 per cent. This valued the company at HK\$6.9bn (US\$884m), compared with an asset value of around HK\$7.5bn and Mr Lo's opening HK\$6.9bn approach last week.

The possibility of the HK\$6.9bn cash offer being extended to other shareholders faded when the terms were rejected by the family, which continued buying in the market. Yesterday the shares fell to HK\$5.55 on general understanding that the bid would lapse.

Perstorp in acquisition

By Sara Webb in Stockholm

PERSTORP, the Swedish specialty chemicals and plastics group, has agreed to buy the sound-proofing operations from Beckers, a paints and surface coatings group, making it the leading supplier to the Swedish automotive industry of acoustic components.

It also becomes one of the largest acoustic components suppliers to the US auto industry.

Beckers' acoustic components operations have annual sales of SEK900m (\$95m) and have shown low profitability due to heavy investment in the US.

However, Perstorp says it expects profits to improve considerably in future.

The division has 770 employees and production plants in Gothenburg, Sweden, Ontario, Canada, and Tennessee in the US.

The deal, for an undisclosed sum, will double sales at Perstorp's components division, which makes plastic and interior components chiefly for the auto and engineering industries and has shown low growth in the past couple of years.

Beckers said the disposal would allow it to focus on the paint business in future.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar volatile in thin trade

CONFUSION OVER a report that Syria had moved more troops and arms into North Lebanon caused volatile trading in a thin foreign exchange market.

The dollar was already on an upward path, when a news agency report about Syrian troops created fear of renewed conflict in the Middle East, giving the US currency a further, though temporary, boost.

Weaker than expected US economic news this week had encouraged the market to shorten dollar positions, leaving the currency technically oversold and producing a rally on short covering yesterday morning.

This trend was reinforced by the report from Lebanon, pushing the dollar up to a peak of DM1.7580. But the US State Department said it had no evidence about troop movements, and the dollar fell back to DM1.7520, which was below its mid-morning level in Europe.

There was a modest recovery, leaving the US currency little changed on the day, at DM1.7550, compared with DM1.7740. The dollar finished

unchanged at ¥125.75, but rose to SF1.4980 from SF1.4835, and to FF6.0450 from FF6.0500.

On Bank of England figures, the dollar's exchange rate index was unchanged at 85.0. Sterling opened on a weak note, but soon recovered and remained generally steady against the D-Mark. The pound touched DM3.1325 in early London trading, but soon rallied to around DM3.1400, where it remained for most of the day. It closed at DM3.1400, compared with DM3.1425 on Thursday.

Next Tuesday Mr Nigel Lawson, Chancellor of the Exchequer, is expected to make his Autumn Statement on Government spending, but given Britain's large budget surplus the impact on sterling should be limited.

Sterling fell 1/4 cent to \$1.7685, and eased to ¥222.50 from ¥223.75, but improved to ¥224.00 on the Tokyo market. The pound's recovery was helped by the fact that the D-Mark was fixed at FF3.4125 in Paris, a slight easing from Thursday's level of FF3.4152, which is still some way below the critical level of FF3.43, where the West German currency would be bursting through its upper limit against the franc within the EMS.

There was no sign of intervention by the Bank of France. The Bank of Italy bought a small amount of dollars and D-Marks, in a routine operation at the Milan fixing. The lira remained the weakest member of the EMS, with the French franc the second weakest.

Trading was very thin in Paris ahead of the weekend. Many traders are unlikely to return to their desks until the middle of next week, after a religious holiday on Tuesday.

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£ IN NEW YORK

	Oct 28	Oct 27	Oct 26
100 £	175.75	175.75	175.75
100 \$	1.7550	1.7550	1.7550
100 ¥	224.00	224.00	224.00
100 SF	1.4980	1.4980	1.4980
100 FF	6.0450	6.0450	6.0450

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Oct 28	Oct 27	Oct 26
100 £	175.75	175.75	175.75
100 \$	1.7550	1.7550	1.7550
100 ¥	224.00	224.00	224.00
100 SF	1.4980	1.4980	1.4980
100 FF	6.0450	6.0450	6.0450

CURRENCY RATES

	Oct 28	Oct 27	Oct 26
100 £	175.75	175.75	175.75
100 \$	1.7550	1.7550	1.7550
100 ¥	224.00	224.00	224.00
100 SF	1.4980	1.4980	1.4980
100 FF	6.0450	6.0450	6.0450

CURRENCY MOVEMENTS

	Oct 28	Oct 27	Oct 26
100 £	175.75	175.75	175.75
100 \$	1.7550	1.7550	1.7550
100 ¥	224.00	224.00	224.00
100 SF	1.4980	1.4980	1.4980
100 FF	6.0450	6.0450	6.0450

OTHER CURRENCIES

	Oct 28	Oct 27	Oct 26
100 £	175.75	175.75	175.75
100 \$	1.7550	1.7550	1.7550
100 ¥	224.00	224.00	224.00
100 SF	1.4980	1.4980	1.4980
100 FF	6.0450	6.0450	6.0450

FORWARD RATES

	Oct 28	Oct 27	Oct 26
100 £	175.75	175.75	175.75
100 \$	1.7550	1.7550	1.7550
100 ¥	224.00	224.00	224.00
100 SF	1.4980	1.4980	1.4980
100 FF	6.0450	6.0450	6.0450

MONEY MARKETS

Large credit shortage

INTEREST RATES were steady on the London money market yesterday.

The Government has restricted its policy of keeping interest rates high, but better than expected UK trade figures in September have reduced any pressure for an immediate rise in bank base rates. Three-

POUND SPOT - FORWARD AGAINST THE POUND

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100 SF	1.4980	1.4980	1.4980
100 FF	6.0450	6.0450	6.0450

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

	Oct 28	Oct 27	Oct 26
100 £	175.75	175.75	175.75
100 \$	1.7550	1.7550	1.7550
100 ¥	224.00	224.00	224.00
100 SF	1.4980	1.4980	1.4980
100 FF	6.0450	6.0450	6.0450

EURO CURRENCY UNIT RATES

	Oct 28	Oct 27	Oct 26
100 £	175.75	175.75	175.75
100 \$	1.7550	1.7550	1.7550
100 ¥	224.00	224.00	224.00
100 SF	1.4980	1.4980	1.4980
100 FF	6.0450	6.0450	6.0450

EXCHANGE RATES

	Oct 28	Oct 27	Oct 26
100 £	175.75	175.75	175.75
100 \$	1.7550	1.7550	1.7550
100 ¥	224.00	224.00	224.00
100 SF	1.4980	1.4980	1.4980
100 FF	6.0450	6.0450	6.0450

FT LONDON INTERBANK FIXING

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LONDON MONEY RATES

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Procter & Gamble	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580	579	578	577	576	575	574	573
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BANKING DEPARTMENT

	On Friday			On the week		
	Rises	Falls	Same	Rises	Falls	Same
British Funds	26	37	48	201	238	12
Corps. Dom. & Foreign Bonds ..	1	12	39	44	67	15
Industrials	447	358	804	1,737	1,984	4,222
Financial and Props	167	128	376	680	793	1,682
Oils	28	24	53	113	146	26

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LEADERS AND LAGGARDS	
Percentage changes since December 31 1987 based on Thursday October 27 1988	
Overseas Traders	+ 42.28
Property	+ 27.35
Leisure	+ 26.11
Mining Finance	+ 22.01
Food Manufacturing	+ 20.96
.....	+ 20.80
Industrial Group	+ 10.95
Building Materials	+ 10.87
Insurance/Brokers	+ 10.85
All Share Index	+ 10.76
Motors	+ 10.31
ECU River Ind	+ 10.00

Percentage changes since December 31 1987 based on
Thursday October 27 1993

Overseas Traders	+12.28	Industrial Group	+10.95
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TOTAL CHARGES

These charges are included in the price when the customer buys units.
OFFER PRICE

The price at which units may be bought.
BID PRICE
The price at which units may be sold.

The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid-ask spread is much smaller than that of the underlying shares.

result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of orders of units more than

dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: 8 - 0901 to 1100 hours; 9 - 1101 to 1200 hours; 10 - 1201 to 1300 hours; 11 - 1301 to 1400 hours; 12 - 1401 to 1500 hours; 13 - 1501 to 1600 hours; 14 - 1601 to 1700 hours; 15 - 1701 to 1800 hours; 16 - 1801 to 1900 hours; 17 - 1901 to 2000 hours; 18 - 2001 to 2100 hours; 19 - 2101 to 2200 hours; 20 - 2201 to 2300 hours; 21 - 2301 to 2400 hours; 22 - 2401 to 2500 hours; 23 - 2501 to 2600 hours; 24 - 2601 to 2700 hours; 25 - 2701 to 2800 hours; 26 - 2801 to 2900 hours; 27 - 2901 to 3000 hours; 28 - 3001 to 3100 hours; 29 - 3101 to 3200 hours; 30 - 3201 to 3300 hours; 31 - 3301 to 3400 hours; 32 - 3401 to 3500 hours; 33 - 3501 to 3600 hours; 34 - 3601 to 3700 hours; 35 - 3701 to 3800 hours; 36 - 3801 to 3900 hours; 37 - 3901 to 4000 hours; 38 - 4001 to 4100 hours; 39 - 4101 to 4200 hours; 40 - 4201 to 4300 hours; 41 - 4301 to 4400 hours; 42 - 4401 to 4500 hours; 43 - 4501 to 4600 hours; 44 - 4601 to 4700 hours; 45 - 4701 to 4800 hours; 46 - 4801 to 4900 hours; 47 - 4901 to 5000 hours; 48 - 5001 to 5100 hours; 49 - 5101 to 5200 hours; 50 - 5201 to 5300 hours; 51 - 5301 to 5400 hours; 52 - 5401 to 5500 hours; 53 - 5501 to 5600 hours; 54 - 5601 to 5700 hours; 55 - 5701 to 5800 hours; 56 - 5801 to 5900 hours; 57 - 5901 to 6000 hours; 58 - 6001 to 6100 hours; 59 - 6101 to 6200 hours; 60 - 6201 to 6300 hours; 61 - 6301 to 6400 hours; 62 - 6401 to 6500 hours; 63 - 6501 to 6600 hours; 64 - 6601 to 6700 hours; 65 - 6701 to 6800 hours; 66 - 6801 to 6900 hours; 67 - 6901 to 7000 hours; 68 - 7001 to 7100 hours; 69 - 7101 to 7200 hours; 70 - 7201 to 7300 hours; 71 - 7301 to 7400 hours; 72 - 7401 to 7500 hours; 73 - 7501 to 7600 hours; 74 - 7601 to 7700 hours; 75 - 7701 to 7800 hours; 76 - 7801 to 7900 hours; 77 - 7901 to 8000 hours; 78 - 8001 to 8100 hours; 79 - 8101 to 8200 hours; 80 - 8201 to 8300 hours; 81 - 8301 to 8400 hours; 82 - 8401 to 8500 hours; 83 - 8501 to 8600 hours; 84 - 8601 to 8700 hours; 85 - 8701 to 8800 hours; 86 - 8801 to 8900 hours; 87 - 8901 to 9000 hours; 88 - 9001 to 9100 hours; 89 - 9101 to 9200 hours; 90 - 9201 to 9300 hours; 91 - 9301 to 9400 hours; 92 - 9401 to 9500 hours; 93 - 9501 to 9600 hours; 94 - 9601 to 9700 hours; 95 - 9701 to 9800 hours; 96 - 9801 to 9900 hours; 97 - 9901 to 10000 hours; 98 - 10001 to 10100 hours; 99 - 10101 to 10200 hours; 100 - 10201 to 10300 hours; 101 - 10301 to 10400 hours; 102 - 10401 to 10500 hours; 103 - 10501 to 10600 hours; 104 - 10601 to 10700 hours; 105 - 10701 to 10800 hours; 106 - 10801 to 10900 hours; 107 - 10901 to 11000 hours; 108 - 11001 to 11100 hours; 109 - 11101 to 11200 hours; 110 - 11201 to 11300 hours; 111 - 11301 to 11400 hours; 112 - 11401 to 11500 hours; 113 - 11501 to 11600 hours; 114 - 11601 to 11700 hours; 115 - 11701 to 11800 hours; 116 - 11801 to 11900 hours; 117 - 11901 to 12000 hours; 118 - 12001 to 12100 hours; 119 - 12101 to 12200 hours; 120 - 12201 to 12300 hours; 121 - 12301 to 12400 hours; 122 - 12401 to 12500 hours; 123 - 12501 to 12600 hours; 124 - 12601 to 12700 hours; 125 - 12701 to 12800 hours; 126 - 12801 to 12900 hours; 127 - 12901 to 13000 hours; 128 - 13001 to 13100 hours; 129 - 13101 to 13200 hours; 130 - 13201 to 13300 hours; 131 - 13301 to 13400 hours; 132 - 13401 to 13500 hours; 133 - 13501 to 13600 hours; 134 - 13601 to 13700 hours; 135 - 13701 to 13800 hours; 136 - 13801 to 13900 hours; 137 - 13901 to 14000 hours; 138 - 14001 to 14100 hours; 139 - 14101 to 14200 hours; 140 - 14201 to 14300 hours; 141 - 14301 to 14400 hours; 142 - 14401 to 14500 hours; 143 - 14501 to 14600 hours; 144 - 14601 to 14700 hours; 145 - 14701 to 14800 hours; 146 - 14801 to 14900 hours; 147 - 14901 to 15000 hours; 148 - 15001 to 15100 hours; 149 - 15101 to 15200 hours; 150 - 15201 to 15300 hours; 151 - 15301 to 15400 hours; 152 - 15401 to 15500 hours; 153 - 15501 to 15600 hours; 154 - 15601 to 15700 hours; 155 - 15701 to 15800 hours; 156 - 15801 to 15900 hours; 157 - 15901 to 16000 hours; 158 - 16001 to 16100 hours; 159 - 16101 to 16200 hours; 160 - 16201 to 16300 hours; 161 - 16301 to 16400 hours; 162 - 16401 to 16500 hours; 163 - 16501 to 16600 hours; 164 - 16601 to 16700 hours; 165 - 16701 to 16800 hours; 166 - 16801 to 16900 hours; 167 - 16901 to 17000 hours; 168 - 17001 to 17100 hours; 169 - 17101 to 17200 hours; 170 - 17201 to 17300 hours; 171 - 17301 to 17400 hours; 172 - 17401 to 17500 hours; 173 - 17501 to 17600 hours; 174 - 17601 to 17700 hours; 175 - 17701 to 17800 hours; 176 - 17801 to 17900 hours; 177 - 17901 to 18000 hours; 178 - 18001 to 18100 hours; 179 - 18101 to 18200 hours; 180 - 18201 to 18300 hours; 181 - 18301 to 18400 hours; 182 - 18401 to 18500 hours; 183 - 18501 to 18600 hours; 184 - 18601 to 18700 hours; 185 - 18701 to 18800 hours; 186 - 18801 to 18900 hours; 187 - 18901 to 19000 hours; 188 - 19001 to 19100 hours; 189 - 19101 to 19200 hours; 190 - 19201 to 19300 hours; 191 - 19301 to 19400 hours; 192 - 19401 to 19500 hours; 193 - 19501 to 19600 hours; 194 - 19601 to 19700 hours; 195 - 19701 to 19800 hours; 196 - 19801 to 19900 hours; 197 - 19901 to 20000 hours; 198 - 20001 to 20100 hours; 199 - 20101 to 20200 hours; 200 - 20201 to 20300 hours; 201 - 20301 to 20400 hours; 202 - 20401 to 20500 hours; 203 - 20501 to 20600 hours; 204 - 20601 to 20700 hours; 205 - 20701 to 20800 hours; 206 - 20801 to 20900 hours; 207 - 20901 to 21000 hours; 208 - 21001 to 21100 hours; 209 - 21101 to 21200 hours; 210 - 21201 to 21300 hours; 211 - 21301 to 21400 hours; 212 - 21401 to 21500 hours; 213 - 21501 to 21600 hours; 214 - 21601 to 21700 hours; 215 - 21701 to 21800 hours; 216 - 21801 to 21900 hours; 217 - 21901 to 22000 hours; 218 - 22001 to 22100 hours; 219 - 22101 to 22200 hours; 220 - 22201 to 22300 hours; 221 - 22301 to 22400 hours; 222 - 22401 to 22500 hours; 223 - 22501 to 22600 hours; 224 - 22601 to 22700 hours;

1400 hours; ϕ - 1401 to 1700 hours; ϕ - 1701 to midnight.
HISTORIC PRICING

The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available from *Euromoney* and are used for the current day's bank rates.

Interesting portfolio revaluation or a switch to a forward pricing basis.

The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the

Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

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July 1940

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Continued on next page

OFFSHORE AND OVERSEAS

[illegible]

April 1945

LONDON SHARE SERVICE

BRITISH FUNDS										BRITISH FUNDS—Contd										FOREIGN BONDS & RAILS									
1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959
High	Low	Open	Close	Settle	Settle	Settle	Settle	Settle	Settle	High	Low	Open	Close	Settle	Settle	Settle	Settle	Settle	Settle	High	Low	Open	Close	Settle	Settle	Settle	Settle	Settle	Settle
"Shorts" (Living up to Five Years)										Index-Linked										(b) (c) (2)									
102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	
102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2	
102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	102.3	
102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	
102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	
102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	
102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	102.7	
102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	102.8	
102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	
103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	
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Money Market Trust Funds

[illegible]

Money Market Bank Accounts

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SAV 99 1.00			
SAV 100 1.00			

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INDUSTRIALS (Miscel.)—Contd.

NAME	AGE	SEX	DATE	TIME	PLACE	REMARKS
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HOTELS AND CATERERS

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100	Wagon Co.	22	1	1.0	1.9	0.6
116	Waterford Glass Co.	97	3	2.7	2.7	2.7

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545 Do. 11pc Day \$100	E50	011%	21	0.769
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REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Liberty Life 20s	7 1/2			
Grays & Ross Ltd	7 1/2			
Metay Plant 5s	8 1/2	x1		
Wool (Irish) 20s	11 1/2	x1		
IRISH				
Irish 8 1/2% La 1996	109 1/2			
Irish 10% Cap Ltr 1996	113 1/2			
Irish 12% 97/02	112 1/2			
Armoets			395	
Carroll Inds.			167	
Griffiths			150	
Hall (Ir) & W.I.			150	+2
Hutton Hldgs.			45	-3
Irish Ropes			145	

TRADITIONAL OPTIONS			
3-month call rates			
Industrials	NEI	10	
	Net Wes B.	52	
	P.A. 0.000	52	

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This service is available to every Company dealt in on Stock exchanges throughout the United Kingdom for a fee of £740 per annum for each security.

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FINANCIAL TIMES

Weekend October 29/October 30 1988

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European chip makers launch \$3bn research project

By Terry Dodsworth, Industrial Editor

THE SUMMERING row over the launch of an ambitious \$3.2bn (£1.9bn) joint research and development plan to overcome Europe's weaknesses in semiconductor technology was resolved yesterday with an agreement between the three leading European chip manufacturers.

The deal, between Siemens of West Germany, Philips of the Netherlands and SGS-Thomson (SGT), the Italian-French company, brings to an end almost nine months of argument over participation in the project.

Siemens had originally contested the rights of SGT to participate fully in the programme, code-named Joint European Semiconductor Silicon (JESS), which is widely seen as an adventurous but risky attempt by Western Europe to catch up on Japanese and US semiconductor technology.

An initial effort to make up the technology gap, indicated by Europe's share of only 10 per cent in the world's semiconductor output, was centred on the Megaproject collaborative programme between the West German company and Philips. This is virtually complete.

SGT has fought hard for full membership of the new scheme, with the support of both the Italian and French Governments, which will be involved in supporting the project alongside West Germany and the Netherlands.

In recent weeks a shadow has also been cast over the project by accusations that Philips, which is struggling to reorganise itself in the face of lacklustre profits.

Philips, Europe's leading consumer electronics group and the continent's largest semiconductor manufacturer, was forced to concede only two weeks ago that it had failed to meet some of its expansion objectives.

As a result of lower than expected demand, the company has postponed plans for a production plant at Hamburg, West Germany, where it aimed to make memory chips designed as part of the Megaproject scheme. Subsequently there have been suggestions that the company might try to reduce its financial commitment to JESS.

A number of issues remain to be resolved before work begins on JESS. One is the question of funding from the European Commission's Esprit collaborative electronics research programme.

Another is the identity of other participants in parts of the programme, which is expected to include smaller semiconductor companies, users and suppliers from all over Europe.

Soviet deputies defy the party line

By Quentin Peel in Moscow

A SMALL BAND of deputies in the Supreme Soviet of the Soviet Union yesterday defied the monolithic whip of the ruling Communist Party to vote against two new decrees on law and order.

Their dramatic protest against the traditional unanimity of the Soviet parliament failed to stop the laws being approved but still caused a sensation in the assembly.

Members of the Supreme Soviet have been known to abstain, but have never before voted against the government.

The deputies, most of whom are understood to represent the more independently minded Baltic republics, first forced a debate on the issues and then dared to vote against the Soviet leadership.

Thirty-one members of the

1,350-strong assembly voted against the most controversial of the two decrees. This was a law allowing troops of the Interior Ministry the power to search homes without a warrant, to suppress mass protests and strikes and to conduct spot identity checks. Beside the opponents, another 26 deputies abstained.

Earlier, 13 members had voted against a decree on demonstrations requiring that permission must be given by the authorities and providing for stiffer penalties on unauthorized gatherings.

The votes came at the end of two days of debate on the state budget and economic plan for the coming year, when the deputies had already flexed their muscles insisting on changes to government figures.

They were more token gestures in the Soviet assembly of the slow growth of democracy, although deputies did insist on cuts in state spending to reduce the budget deficit by more than 100 billion (525bn) to a daunting 100 billion (525bn).

The rebellion on the security decrees was more blatant defiance. It was led by Mr Pavel Goryunov, a deputy from the town of Tartu in the republic of Estonia, who declared that both should be referred back for reconsideration.

"A law on demonstrations is necessary, but each republic has its own traditions," he said, to applause from other delegates. "There should be separate laws for each constituent republic."

The popular movements set up in the past two months in

each of the Baltic republics of Estonia, Latvia and Lithuania have all condemned the new legislation and urged their deputies to vote against it.

They have also been criticised in the press by seven jurists, who urged the deputies to redraft the law.

The decrees were defended by Mr Tengiz Mantelashvili, secretary of the presidium of the Supreme Soviet, which had already approved them in advance. He said the law on the powers of the Interior Ministry's internal troops simply provided legislation for what was already done by ministerial decree. It included "no drastically new provisions," according to the Soviet news agency Tass.

The price of perestroika, Page 9

Rail fares rise as Channon outlines privatisation choices

By Kevin Brown, Transport Correspondent

PRIVATISATION of British Rail need not lead to widespread closures of subsidised track or a reduction in safety, Mr Paul Channon, Transport Secretary, said yesterday.

Mr Channon confirmed that four ways of privatising the rail system were being studied. However, no decisions had yet been made, he said.

Earlier, British Rail confirmed that fares would rise by an average of 9 per cent from January 8. Some long-distance season ticket prices will rise by up to 21 per cent.

The increases were criticised as excessive by opposition spokesmen, trade unions and passengers' representatives. Mr Bob Hughes, Labour's transport spokesman, said they were part of a "savage attack on the travelling public."

Mr Jimmy Knapp, general secretary of the National Union of Railwaymen, said the announcement showed the real price that would have to be paid for privatisation.

Mr Channon, who was addressing a conference organised by the Centre for Policy Studies, confirmed that privatisation could not take place

until the next parliament, probably after 1991.

However, he said the Government preferred "to see commercial businesses run in the private sector and subject to commercial disciplines."

He said subsidies did not depend on ownership, and safety could be protected by independent regulation. However, there were important questions of consumer protection to be settled.

Mr Channon confirmed that the options under discussion were:

- Privatisation as a single sale, the option favoured by the BR board.
- Creation of a number of regional companies, along the lines of suggestions put forward by the CFS.
- A track authority and several independent operating companies, as suggested by the right-wing Adam Smith Institute.
- Sale of BR's five existing business sectors - InterCity, Freight, Parcels, Network SouthEast and Provincial.

Mr Channon said there were arguments for and against all four options, and suggested the

solution might include elements of more than one. However, he appeared most sympathetic to the CFS proposals for regionally based companies.

BR said its fare increases were part of a "planned business strategy to finance improvements to services," which was being accompanied by reduced costs through productivity gains and investment.

The corporation is under instruction from the Government to reduce its operating subsidy by 25 per cent to £200m by 1990. Three business sectors - freight, parcels and InterCity - are no longer eligible for subsidies and must cover all their costs from revenue.

BR said the 21 per cent rise in season ticket fares would apply to journeys of more than 50 miles, mostly on InterCity routes. About 4 per cent of commuters are affected.

Current long-distance season ticket fares allow passengers to travel on peak-time trains for less than the cost of off-peak Saver tickets, BR said. There will be no change in the price of Saver tickets, which were reduced earlier this month.

Debt-relief package is agreed for Mali

By George Graham in Paris and Stephen Fidler in London

WESTERN creditor countries have moved swiftly to put into place the first debt-relief package for a poor African country under a recent debt-forgiveness initiative.

Mali, one of the world's poorest countries with per capita income of about \$200 (£133) a year, will be the first to benefit from the initiative, which offers a choice of debt-relief alternatives for creditors.

The main industrialised countries agreed in principle on the initiative at the Toronto summit in June, but the final accord did not come until last month's meeting of the Group of Seven in West Berlin.

Mali's agreement, affecting some \$70m of official debts, was finalised yesterday at a meeting of the Paris Club of Western creditor nations. Six countries - the US, France, Italy, the Netherlands, the UK and Switzerland - took part in the agreement with Mali.

Mr Nigel Lawson, the UK Chancellor of the Exchequer, who played a significant role in setting the initiative in motion, yesterday welcomed the agreement.

The Chancellor said: "I'm pleased that after 18 months of negotiation, our innovation to help the poorest African countries is bearing fruit. I expect Mali to be followed by other heavily indebted countries, including some from the Commonwealth, in the next few months."

Creditors can choose between three options of debt relief: rescheduling debt service payments at market rates over the unusually long period of 25 years; rescheduling over a 14-year period but at concessional interest rates; or cancelling outright a third of the debt payable due, with the remainder rescheduled again over 14 years but at market rates.

The UK and Italy preferred the second option, cutting interest rates by 3½ percentage points or by half, if that would be less than 3½ per cent. The US opted for the third option, cancelling outright a third of the debt payable due, with the remainder rescheduled again over 14 years but at market rates.

Mali has a structural adjustment programme including a \$58m loan, approved by the International Monetary Fund in August. An IMF programme must be in place for official creditors to consider relief.

Hill Samuel fraud foiled

Continued from Page 1

worked flawlessly and the fact is that we acted swiftly enough to block a sophisticated fraud."

He said the bank's successful action was far from being a last-gasp intervention as it probably would have taken much longer for the inter-bank transfers to have been converted into cash and removed by the perpetrators from bank branches around the world.

Because of the scale of the attempted fraud and its international dimension, the case is almost certain to be referred to the UK's Serious Fraud Office, which began operations this year.

Mr David Kirk of Stephenson Harwood, the City firm of solicitors, who has several years' experience of prosecuting fraud against banks, suggested that the incident represented only the tip of an iceberg of attempted and successful frauds which were rarely publicised. He said: "The banks do not always admit that it has happened, even to the police. It reduces confidence in their operations."

Most of the funds transfer fraud cases which have come to light through the courts in recent years have involved much smaller sums, for example, an attempted fraud against Credit Suisse First Boston which involved the telegraphic transfer of \$7.5m (£4.2m) to a

Swiss account four years ago. In July, the Union Bank of Switzerland was the target of an attempted \$30m funds transfer fraud perpetrated in London.

In both these cases the fraudsters were caught when attempting to encash the funds from Swiss bank accounts. However, the police failed to catch the masterminds behind the crimes.

It will be even more difficult for the police to catch the leaders of the attempted fraud against Hill Samuel in view of the publicity that was given to the case on Thursday evening. Even the fingerprints on the forms with the forged signatures have been blurred by contact with several bank tellers.

Dukakis

Continued from Page 1

without basic coverage; how he would like to help the 25m adult Americans who cannot read or write; how he wants to combat the high school dropout rate which rates at 25 per cent and up to 60 per cent in some major cities. "In Japan the dropout rate is 1 per cent," he tells the hushed audience.

The crowd in Independence liked that they heard, and the race in Mid-West states appears tight with Mr Dukakis and Mr Bush virtually tied in the polls. But as Harry Truman said in 1948 and Michael Dukakis says in 1988, pollsters do not vote, the people vote. And so on to November 8.

British Steel profits forecast

Continued from Page 1

British Steel has understated profits for the past two years to provide a cushion when things do not go so well. Turnover in the first four months of this financial year was £1.55bn against £1.43bn in the comparable period last year.

Sir Robert Scholey, British Steel's chairman, and the group's advisers at Samuel Montagu dismissed worries about the group's prospects. Sir Robert said industry estimates were for a drop of 1.5 per cent in world steel demand next year, which was not regarded as serious.

However, he conceded that the faster growth of steel demand in the UK compared with the rest of Europe had given a big boost to the company and he acknowledged that British Steel's performance would fluctuate.

Sir Robert declined to comment on speculation that British Steel wants to buy a steelmaker in Continental Europe. This, or a partnership with another company, is seen as a

possibility, particularly as Sir Robert yesterday emphasised that he did not wish to follow the European trend of diversification out of steel.

Mr Paul Richards, of Samuel Montagu, said the chance of British Steel being given a "back aid cash" was "remote". He was referring to the legal action being taken by West German steel producers against the European Commission for allegedly failing to apply state aid rules properly to British Steel.

At issue is £713m of aid given to British Steel. The Commission's view is that the Germans do not have a case and it will try and get the action declared inadmissible when it comes to court.

Yesterday's pathfinder prospectus indicated that the dividend yield on the shares would be a 10 per cent discount on the offer price, £70-worth of free shares, £2-worth for each year of service, and two free shares for every one for which they pay.

second instalment is due. This could mean an annualised gross yield of between 14 and 16 per cent on the first instalment.

British Steel indicated that the notional dividend per share for a full year would be 7.5p, indicating a likely gross yield on the fully paid shares of 7 to 8 per cent - well above the market average.

The prospective price/earnings ratio, based on forecast earnings per share of 25.7p, is likely to be between 5 and 6. However, British Steel is benefiting from a very low tax charge of 6 per cent and this is set to rise in future.

The offer will be one of the most generous privatisations in terms of employee applications. About 10 per cent of the issue will be open to workers in British Steel. They will be given a 10 per cent discount on the offer price, £70-worth of free shares, £2-worth for each year of service, and two free shares for every one for which they pay.

Stoking up the steel furnace

FT Index rose 6.3 to 1,508.9

Yield ratios



So far, so good for the biggest flotation since the crash. The steel market is graciously sustaining its boom until British Steel is in private hands, the institutions have shifted from a position of outright hostility to grudging support, foreigners who have missed out on the ramping of steel stocks at home are anxious to have another go, and a million private investors are interested enough to have called the information office. Even George Bush is doing his bit to help ensure that stock markets stay reasonably sweet between now and impact day.

Yesterday's pathfinder prospectus, launched with the pomp and circumstance that the Government's PB advisers think fitting for such occasions, contained 100 pages of every known fact about British Steel save that which the market really wants to know. So far as it went, the forecast \$500m profit was encouraging and shows demand still booming and improvements in efficiency still being made. However, the earnings forecast needs to be treated with care, as on one hand it probably contains a contingency reserve of \$50m or more, and on the other it is struck after a mere 6 per cent tax charge. While prospective investors may want to base their sums on a more typical rate of 20 or 25 per cent, they may prefer to forget the whole thing and look at yield instead.

The Government must now choose whether to buy success by offering an 8 per cent yield, which would imply a price of 125p, or hold out for a slightly better return to the taxpayer on the \$50m invested in the industry over the last decade or so. Even at 125p the shares would yield 7.3 per cent, which is more than most of the other big yield stocks, with the exception of British Gas, which has its own peculiar reasons for its 8.4 per cent yield. While British Steel cannot offer a steady stream of monopoly profits, neither does it have a regulatory body capriciously poised to change the rules in two years' time.

Whether or not the 5p fall to 285p in the Abbey Life share price yesterday was an appropriate response to its link with Lloyds, it was an anti-climax given the amount of time everyone had to mull over the deal. More than a week had passed since the broad details were announced, and several days since the circular was

released, and the gap might have stretched until the autumn, had not the company and its advisers intervened. Meanwhile, the elaborate deal announced by MB Group this week has earned it a holiday from the stock market that may last until December, as the quotations department at the Stock Exchange apparently does not trust anyone to trade in the shares until the lengthy draft documentation is backed by the real thing. Thus the nippers are protected, but the lads who bought a few shares for a quick punt within the account - to say nothing of the market-makers - are well and truly boxed in.

While the Stock Exchange means well, its concern for making sure everyone has enough information on which to deal seems excessive. In New York, such deliberations would be inconceivable: a half hour suspension is thought plenty of time for investors to absorb even the most complex new deal.

With this week's rather curious set of UK trade figures out of the way, the London market seems to have reverted to tracking Wall Street. This is not a particularly cheerful sign. The latest US economic data are again ambiguous, Wall Street weakness after a Bush victory still seems likely, and - perhaps above all - the proposed buyout of RJR Nabisco may have been some kind of high water mark. Its immediate effects are mixed: US Treasuries have risen as investors scuttled out of corporate bonds, but equities have not followed suit. For like London, Wall Street has depended heavily of late on special situations; and given Mr Green-

Spain's solemn warning on the dangers of leverage, a chief source of bid excitement looks like dying down.

Since these problems are largely specific to the US, there is no obvious reason why London should be affected. But the argument is rather the other way round. At almost 1,800 on the FT-SE, the market is getting back into ground which it found unsustainable in the summer, and its problem is finding reasons for going further. It is not likely to find them in New York; and at home, the latest trade figures were so plausibly skewed as to form no basis for optimism about the next set. For all those fund managers sitting on their cash, the only real grounds for moving into equities would be the prospect of a sustainable cut in base rates, and until then money market rates of nearly 12 per cent are a powerful inducement to do nothing. The ratio between gilt and equity yields is still lower in London than in New York, and this may well be unreasonable, but it could go on for a while yet.

Suter

The case of Thomson T-Line and its cancelled marriage with Suter is just another example of raw capitalism at work. Suter, an acquisitive mini-conglomerate whose ability to continue doing deals has been hampered by a spot of bad publicity, is being chased by a paper-issuing micro-conglomerate which is anxious to take over one of its wounded rivals. There never was any obvious commercial logic behind the deal, but one can see that Suter's days are numbered, notwithstanding its chairman's decision to go off on an extended holiday yesterday.

Even allowing for the dubious quality of some of Suter's profits, a prospective multiple of under 10 times earnings is not particularly demanding, and given that the shares were trading as low as 135p earlier this year, the real surprise is that a predator has not surfaced before now. This may have something to do with unease about the outcome of the DTI investigations; but since these are part of the reason for Suter's low rating, a new owner would not have to operate under the same cloud. While no doubt well deserved, Mr Abell's holiday should be viewed as part of an extended negotiating ploy.

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Weekend FT

SECTION II

Weekend October 29/October 30, 1988

A scent of change in Stinkibar

Zanzibar's slave-trading days are long gone, replaced by lethargy and suspicion of its African neighbours. But, as Victor Mallet reports, national pride is reawakening



"Despite all the factions, Zanzibaris do share certain common positions, including the desire for autonomy. But while a small minority of, say, 10 to 20 per cent may desire total secession, the majority would think it too extreme."

Zanzibar (said to mean "the land of the blacks") has long been a haven for travellers and colonisers from across the ocean. Arab influence was so pervasive in the 18th century that the Sultan of Oman moved his capital to Zanzibar. A British protectorate proclaimed in 1890 lasted until the end of 1963. The next year the Sultan's Government was overthrown in a bloody revolution, and an estimated 5,000 Arabs were killed and thousands more fled into exile. Shortly afterwards Zanzibar hurriedly joined Tanganyika to become Tanzania.

The marks left by Zanzibar's first President, Sheikh Abeid Karume, and his assassination in 1972, are still apparent on the islands today. A campaign was launched against Arab and Asian economic control. Land was nationalised. China built the Mao Tse-tung stadium. East Germany constructed hideous grey blocks of flats reminiscent of desolate British housing estates, and the Soviet Union opened a diplomatic mission. One of Africa's first colour television stations was established for the few in Zanzibar who could afford it.

"The President at that time was

obsessed with construction. He used to buy a lot of construction equipment," recalls Tahirou Saleh Juma, Communications and Transport Minister and former Minister of Finance. "It was actually a waste of money. I cannot share the view that we squandered money, but perhaps we didn't spend the money wisely."

There was plenty of money in those days. The price of cloves, Zanzibar's main export, was once as high as \$9,000 (\$3,250) a tonne. Now it is a third of that, and the volume of exports has fallen with the growth of the domestic clove industry. In Indonesia, where the spice is prized as a flavouring for cigarettes, Zanzibar itself was partly to blame. Clove farmers, most of them in Pemba, were at one time paid only 7 per cent of the world price by the Government. Crops were left unharvested and the trees became neglected and diseased.

It is the same sad tale with coconuts. "There is very little supply of coconuts," says Philip Shabazz, a former Zanzibari who is now in his 40s. He has not prepared any dried coconut for export as copra for four years now, because he makes more money selling fresh coconuts locally.

"Few people are interested in planting trees. In the good old days you had a heap of coconuts so big you couldn't see the

other side. There are no more good days like that used to be. Why not? Because it is God's will," he replies.

One of the most devastating results of the revolution was the rapid decay of the historic Stone Town, previously occupied by Arab and Indian merchants. With its tiny lanes where men talk and play ancient board games, its ornate balconies and balustrades, its carved wooden doors studded with brass, its mosques and markets, the old town is Zanzibar's principal tourist attraction.

But when the poor moved in they could not afford - and the Government could not be bothered - to maintain the buildings. Most of them crumbled. Some simply fell down and killed the inhabitants. "The 1983 the town was almost a ruin," says Ahmed Sheikh Ahmed, the energetic head of the three-year-old Stone Town Conservation and Development Authority. Repair work, funded by foreign donors, has finally started, and the Government is selling houses to private buyers who promise to restore them. Ahmed is armed with "100 Stone Town of Zanzibar" stickers and a "shin."

Since Ali Hassan Mwinyi's presidency of Zanzibar four years ago (he went on to become the reformist President of Tanzania) the island economy has been liberalised and partially revived. Arabs and other exiles have begun to return to the shops of Stone Town. Consumer goods - albeit

expensive - have reappeared on the shelves, importers are allowed to use their own foreign exchange and no questions are asked about the source of the money.

Tourism is likely to be one of the first industries to benefit. Incidentally, there are no beach hotels in Zanzibar, which should be trumpeting about its deserted coral sands, cobalt-blue waters, fishing dhows and outrigger canoes, Pemba bullfights, giant tortoises and tropical rain.

Pemba-born Abdulhadi Mohamed, chairman of Sasa Enterprises, is one of the returnees who is trying to put things right by establishing a \$3m seaside tourist resort north of Zanzibar Town.

"Even before the revolution I went to Oman," he says. "Many others were in Dubai, Kuwait and Saudi Arabia, but there was a rapid return beginning in about 1984. People are really encouraged nowadays to come to Zanzibar. I would like to consolidate myself here properly and then assist Zanzibar with export opportunities in the Gulf."

A typical Zanzibari, he dreams of a rosy future when Zanzibar honey made from clove flowers will be renowned throughout the Middle East and Zanzibari bananas will replace the ones from Chile. His fellow countrymen in government and the private sector are full of improbable but not impossible schemes to restore the economy - food self-sufficiency, a deep-sea fishing industry, a free port, mass exports of citrus and edible seaweed.

"Quite often things should happen, but they just don't happen," sighs another would-be hotelier. "There is a whole lackadaisical philosophy."

For the moment, alas, construction of the new Sasa hotel has been delayed by bureaucracy and shortages of raw materials. On Zanzibar, petrol and rice run out, flights do not always arrive (ATC, the Air Tanzania Corporation, has been dubbed Any Time Cancellation) and even fish can be in short supply. Roads are a shambles and passenger ships are out of order.

Zanzibar's tourist potential can hardly be doubted by anyone who wanders down to the seafloor in the cool of the evening to admire the Sultan's palace and sample grilled tentacles of squid washed down with sugar-cane juice. But beer is drunk only in dark side streets or hotels like the Africa House, the old British club.

"It's a problem mixing tourism and Islam," says Ali Saleh. "I have been to Lamu and Mombasa in Kenya. When you really open to tourism you have to accept some changes. Lamu is more religious than Zanzibar, but you find people swimming or sunbathing naked, and even walking around almost naked."

In one respect, at least, Zanzibar mirrors the rest of Africa - it depends on foreign aid. Danes, Germans and Britons will help repair the roads. The European Community will repair the harbours on the two main islands. The United Nations, the Dutch and the Norwegians are among those involved in the rehabilitation of Stone Town.

To the dismay of Zanzibaris and mainlanders who fear a revival of domineering Arab influence, the Gulf states are also involved. Saudi Arabia is interested in upgrading the airfield at Pemba. Oman, renewing old ties, is considering an expan-

sion programme for the main airport; euphoric Zanzibari officials are already talking about jumbo jets instead of propeller planes. A local businessman of Asian origin points to the irony of the Government's position. "Now the tables are turned," he says. "They beg money from the people they once hated."

At St Joseph's Cathedral in the middle of Stone Town, a Catholic mainlander declares his opinion - shared by some Zanzibaris and ridiculed by others - that Arabs want to take power in Zanzibar again. "Even after the revolution the Arabs still had plenty of land. The Agikams are still suffering," he says. "The Government has realised that there are some Arabs who are coming not to revive the economy, but to revive their position in government."

It is not only the tiny Christian minority that harbours such fears. In January, Zanzibar's President, Idris Abdul Wakil, sacked his Chief Minister, Self Shariff Hamad, and some of his colleagues amid accusations that they were plotting to set up a new Sultanate. As far as Hamad is concerned, the old-timers in Tanzania's ruling Revolutionary Party were simply scared of losing their influence in the new climate of economic reform; a handful of Zanzibaris enlisted mainland help to oust him.

Zanzibar's Byzantine politics are further complicated by the Pemba factor. Most of the islands' clove - and therefore the dollars - come from Pemba island, and the inhabitants resent the fact that economic development has been concentrated around the capital on the main island. They also suspect other Zanzibaris of being soft on the mainland. Self Shariff Hamad, himself a Pemba, is immensely popular on Pemba, but interprets political events in broader democratic terms.

"The old guard don't like changes. It's the same in Russia or China," he says. "We have two governments and only one party, and according to the constitution the party is supreme. I think the Zanzibaris don't like the fact that their affairs are decided on the mainland, in Dodoma or somewhere."

One day in May this year the lethargic Zanzibari calm was shattered by a demonstration in which the presidential guards shot dead two of the marchers. Zanzibaris, protesting after Muslim Friday prayers, were once again up in arms about the doings of a mainland politician. Sofia Kawawa, head of the Tanzanian Women's Organisation, had criticised polygamy and Islamic attitudes to women. The protest was another reminder of the deep distrust with which mainlanders are regarded by the touchy islanders.

Wolf Dourado, an irrepressible dissident, former attorney general, ex-detainee and political enemy of Tanzanian party leader Julius Nyerere, is particularly outspoken. "It's a bloody dictatorship," he snaps, accusing Nyerere of trying surreptitiously to deprive Zanzibar of its autonomy.

"Their so-called one-party democracy is a contradiction in terms. The situation resembles the Soviet Union, but whereas the Russians are trying to reform and bring about a more open society, the party here is trying to entrench itself... the rascals can't perpetuate themselves for ever."

It is difficult to imagine Dourado living on the mainland, rather than in the tight-knit community of Zanzibar, where dissidents and Government ministers seem to be on first-name terms. "I don't want to be detained before Wednesday," he says with a thoughtful pause. "I have three little doggies to look after, and my wife isn't coming back till then."

The Long View

Invasion of the umbrella funds

ONE OF THE lowlights of my past week's TV viewing was the spectacle of Joe Bessano, Chief Minister of Gibraltar, attempting to pin the blame for the victims of the Barlow Clowes International collapse. Admittedly, full compensation would cost more or less a full year of the rock's GDP. But Gibraltar was lucky enough to be spared the worst of the going was good.

The simple answer to the difficulties posed by overseas investment funds is to build an impenetrable wall. This was the solution arrived at, for instance, by the Germans after the depredations of Bernia Cornfeld and his rapacious IOS salesman some 20 years ago. The Americans, too, have taken care to erect formidable barriers, administered by the Securities and Exchange Commission.

In the UK, however, we have always had a more liberal tradition. So long as offshore funds were prevented from advertising to the gullible general public and were distributed only through professional advisers, they could be sold on the basis of caveat emptor. Eventually, that was bound to lead us to a BCI - although maybe a nasty lesson every now and then is not such a bad thing.

But we have moved on: if you can't ban them, regulate them instead. Within two or three months, funds from the Isle of Man, and Luxembourg



Barry Killy
European and offshore mutual funds are about to be promoted much more actively in the UK. There could be some unexpected results

will have become more or less freely marketable within the UK. This is because the provisions of the Financial Services Act 1986 are coming into force. In any case, the European Community's so-called UCITS Directive (I won't spell out the initials, but it provides for the marketing of mutual funds

across borders) is to become fully effective in a year's time. The voluntary part, from the UK's point of view, was somewhat generously to offer loopholes to offshore financial centres. These have, traditionally, served mainland clients on a small scale but were threatened with extinction by the FSA. Therefore, a special Section 37 of the Act was drafted, allowing that territories could seek designation so long as they offered equivalent investor protection to that available in the UK. The Isle of Man has sneaked ahead of the more prestigious Jersey and Guernsey, which apparently are a few weeks behind.

Then there was the involuntary aspect, arising from European Community law. Section 86 of the Act fulfilled the requirements of the UCITS Directive. Luxembourg, too, has enacted its UCITS law well ahead of next year's deadline. So, there is about to be mutual recognition of the UK and Luxembourg, which British funds understandably complain amounts to a bit of a one-way ticket for the funds from the Grand Duchy.

The invasion is not quite imminent. Bureaucratic procedures must be observed. Even when Luxembourg is recognised, individual funds there will need to obtain their own UCITS certificates. They will then have to apply to the Securities and Investments Board in London and suffer a compulsory two-month stand-off while

the SIB considers possible objections. But the first funds could qualify for UK marketing as early as January, and it is estimated that some \$80 Lm. umbrella funds will seek UCITS qualification by next April.

The Isle of Man, Jersey and Guernsey could easily between them put another couple of hundred funds in the field over the next year. Somewhere behind them come Bermuda and Hong Kong. Nobody need fear that this influx of foreign-based vehicles will necessarily produce a new wave of busted funds BCI, after all, was very much home-grown, if flying a flag of convenience. And Luxembourg or the Isle of Man will not be able to wash their hands of the guilt of local fund collapses. Yet, there are some potentially very serious consequences for the ability of the SIB to regulate funds in the UK, and for the tax regime imposed by the Inland Revenue.

Remember that there was a great fuss last year when the SIB imposed its new pricing rules on the UK unit trust industry, banning obscure but highly profitable operations such as "rounding" and dealing by the fund managers in units at historical prices. Could managers now seek to move to centres where they have more room for profitable manoeuvre?

As for tax, UK management groups have been eagerly setting up Luxembourg-based

umbrella funds which enable investors to switch between specialist subsidiary portfolios without triggering capital gains tax liabilities. With the CDT rate now up to 40 per cent for many investors, this is becoming a very important consideration. Yet, the Inland Revenue has fiercely resisted attempts to establish UK umbrella funds.

The other potentially important category is that of bond funds. Like other unit trusts, these bear corporation tax in the UK, but Luxembourg funds receive interest gross. The same applies to the Channel Islands. So, bond funds could rapidly be driven out of the UK.

The underlying point is that it is dangerous to push ahead with cross-border recognition of funds without taking proper account of the need for harmonisation of regulatory and tax regimes. No doubt the UK can bully the various offshore islands, but the SIB has no power to impose requirements on other EC member states in excess of the UCITS minima. Moreover, the Inland Revenue's scope for departing from the Continental tax norms is becoming restricted severely.

A curious footnote is that Gibraltar, being within the EC, could have done what Luxembourg has if only it had prepared its own UCITS law. But then, legislation might not be enough if you have an image problem.

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Property: A slowdown in Docklands	XII	Travel: The Garden of India	XIX				

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*Source: Lipper Overseas Fund Table, 30.9.88. †Offer to bid basis in Sterling, gross dividends reinvested - source Guinness Flight Fund Managers (Guernsey) Limited.

This advertisement has been prepared by Guinness Flight Global Asset Management Limited, a member of Guinness Flight and the investment adviser to the Guinness Flight Global Strategy Fund Limited - an offshore fund.

MARKETS

FINANCE & THE FAMILY: THIS WEEK

Interest-bearing current accounts: the race is on

This week Lloyds became the first major bank to offer its customers a current account with interest. Its rivals now have little chance but to follow. However, as David Barclay reports, while the move is certainly good news for the public, it may well prove a costly game for the banks themselves. Page III

Ombudsmen: more bark than bite?

The complaints systems within the new financial services framework are now coming into shape, and small investors can look forward to a higher degree of protection. However, Eric Short asks if even more could — and should — be done. Page VI



PEPs play the name game

If something isn't selling well, don't change the product — change the name. John Edwards reports on how Personal Equity Plans have been given a bright new suit of clothes in an effort to sharpen their image. Page III

Nervous times at M and S

Interim figures from Marks and Spencer head the Results Due this week, and analysts will be watching closely for signs that the company has recovered the ground lost in last summer's poor trading season. Results Due, Company News Summary. Page IV

Unit trusts after the crash

Christine Stopp analyses the latest figures for unit trust performances both before and after the stock market crash and finds that a long-term view pays off. Page VIII

PENSIONS: An All-Share tracking fund Page VIII

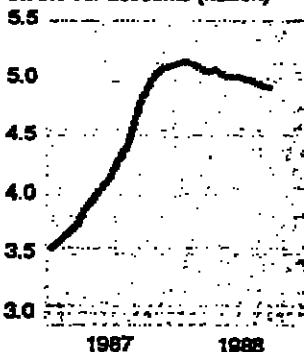
BRIEFCASE: Your questions answered Page VIII

BROKING: A strong regional co-op Page XI

INVESTMENT: Private investor's diary Page XI

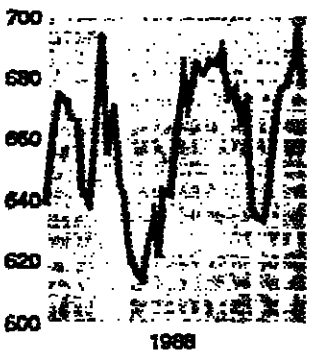
Unit Trust

Unitholder accounts (million)



Banks

FT-Acquires Index



Fall in number of unit trust holders

Despite unit trust groups enjoying the best sales figures last month since the market crash in October 1987, the number of accounts has continued to fall. In January this year, there were nearly 5.1m accounts; in September there were under 4.9m. Indeed, the main reason behind the recovery in net sales from £94m in August to £385.1m was purchases of units by life insurance companies. In particular Royal Life transferred some £158m of its existing internal funds to its new index tracking unit trust. There were 19 unit trusts launched last month, making a total of 1,226 managed by 153 management companies. Heather Farmbrough

Lloyds move hits bank shares

Banking shares were given a severe mauling this week after Tuesday's news that Lloyds Bank is introducing a new interest-bearing current account from January 4. The move, which analysts consider will have to be followed by the other major banks, is expected to cause a severe dent in profits. Meanwhile Standard Chartered refused a request from Bond Corporation to place its 14.9 per cent stake in Standard with broker BZW before the November 4 expiry of Standard's £303m rights issue. TSB shares dipped after the Fraud Squad was called in to investigate the disappearance of some £60m at TSB's Hill Samuel merchant banking subsidiary. Stephen Thompson

'Loan sharks' face clampdown

Proposals to curb the activities of "loan sharks" were published this week by the Department of Trade and Industry in a consultation document. Under the proposals the Director General of the Office of Fair Trading (OFT) would have much stronger powers, including the right to suspend a business immediately from trading, to seek any information it required, and to attach conditions to the granting of a licence to operate. However, the DTI plans to end compulsory licensing for credit brokers. Only those lending money or hiring goods in lieu of cash would automatically require a consumer credit licence from the OFT. Comments on the proposals have to be sent to the DTI by December 2. Heather Farmbrough

WALL STREET

WALL STREET is badly worried, no question about it. There is an eerie feeling of suspended disbelief as the investment banks play leapfrog with their ever more gigantic and audacious buyout bids. The lucky investors in takeover windfall profits. But their celebrations are fatalistic and joyless: like the compulsive gamblers on the slot-machines in Atlantic City, they seem to sense that all the winnings are destined ultimately to turn back into fodder for the ever-hungry slots.

The depth of fear among investors cannot be gauged by simple measures such as the sudden 24-point fall in the Dow Jones Industrial Average on Thursday, when Alan Greenspan, the Federal Reserve Chairman, remarked blandly that banks should be aware of the possibility of recession in calculating the risks of LBO loans.

The fact that markets can be stunned by such a banal statement of the obvious inevitably raises questions about the underpinnings of Wall Street's recent advance. A week ago, stock prices seemed finally to have prepared themselves for a sharp, if temporary, break-out above the year-old ceiling of 2,150 on the Dow. But yesterday morning, the market's halfhearted recovery from its

shakeout on Thursday left the Dow languishing indecisively at 2,151.

If the success of the recent takeover bids really depended on total recklessness and irresponsibility among bank and junk bond lenders — and this

The history of credit bubbles suggests that something will, in the end, go badly wrong for the highly leveraged companies

was the crude inference to draw from the market reaction to Greenspan's statement — then Wall Street would have a long way further to fall, even in the short term. However, the fact is that things are rarely quite so clear cut.

Bankers, merger experts and high-yield bond fund managers are probably no more foolish than other people, on average, even if their firm belief that they actually earn their salaries, which read more like telephone numbers, is *prima facie*

One step forward, one step back

ONCE bitten, twice shy. If there was ever a prize candidate for wounded victim it is the London market.

True, there are groundswells of opinion which reckon that equities will go up rather than down from here on. True too, there is even an increasing number of institutional investors prepared to back this belief with some real money.

But, try as the bulls will to push their case, the market refuses to be seduced into a happy romp. When the FT-SE 100 Share Index reaches the 1,650/1,660 mark, it regularly baulks and when economic statistics actually better expectations, it now knows to view them with a decidedly jaundiced eye.

Perhaps, then, after the recent run — which has lifted Footsie from a low of 1,730 in September to almost 1,850 a week ago — last week's breather was not entirely surprising. In terms of market levels, there was little more than modest oscillation. On the respective trading days, Footsie was down 10.8, down 0.5, up 2.9, up 1.4 and by Friday afternoon was managing a more cheerful rise of almost five points.

Underlying that apparent dither, of course, were the September trade figures — actually announced on Thursday, but clouding sentiment throughout the earlier part of the week. Dealers' hopes of some recovery in sentiment and trading volumes have been dashed so often by these particular statistics that nerves seem entirely justified.

The worries started on Mon-

day morning, as sterling weakened on the prospect of what might be to come, prompting Bank of England intervention, though only with limited success. Tuesday and Wednesday were little better. Trading volume dipped below 400m shares on Tuesday, having been boosted by inter-market maker dealing on the previous day, and throughout the first part of the week, buyers remained on the sidelines.

When the figures did arrive they were markedly better than most analysts had been predicting. Against forecasts of a current account deficit ranging widely between £1m and

£1.5bn, the actual figure was given as £580m. An almost-forgotten sight — TOPIC screens awash with blue following the announcement of UK trade figures — became reality again.

But it was not to last. There were after all some exceptional factors — in particular, a substantial favourable swing in "erratic" export items, and confusion between September and October exports as a result of the postal strike. And it was swiftly noted that import volume continued to rise last month, suggesting that the Chancellor's high interest rate squeeze on demand pressures has yet to bite firmly.

Analysts hastily redid their sums, calculating that the underlying current account deficit could be running at £1bn-plus a month. That may be an improvement on the £2.1bn shortfall seen in July, but it is scarcely ground for celebration.

Sterling, though, did take some heart and, by Friday lunchtime, was showing a marginal improvement against the dollar and D-Mark levels scored at the end of previous week.

So where does this leave the market? Essentially, no further forward. While pressure for further interest rate rises may have eased a shade, there seems little doubt that anti-inflationary action is uppermost in the Chancellor's mind for the present. Doubtless more will be forthcoming on that score this Tuesday when he presents his autumn statement. As yet, there is little real measure of how successfully demand is being checked by the high interest rate policy. In the meantime, London seems all too willing to take its lead from a less than happy Wall Street.

That said, any shareholder who is itching to throw money at the market at least has plenty of special situations to pick from at present. Bid activity, which held up surprisingly well during the summer's dog days, has positively blossomed this autumn.

Admittedly, the most dramatic event of the week was actually the lapsing of a bid. To the City's surprise, the £2.9m offer from Minorco for Consolidated Gold Fields is being referred to the Monop-

LONDON

Try as the bulls will, the market refuses to be seduced into a happy romp

HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1988 High	1988 Low	
FT Ord. Index	1508.9	-0.4	1514.7	1348.0	Good trade figs. but Wall St. dips.
Bolton	224	+36	204.2	149	Bid from Iceland Finance Funds
Brown & Tames	204	+22	205	181	Vogues bid speculation
Cannon St. Leve.	291	+27	322	231	Plans to float Watsons
Cons. Gold Fields	£11½	-1	£14	75p	Minorco bid referred to MMC
Cusack	146	+19	148	125	Bid from Ferry Fishmonger
Eve Group	207	+38	207	125	Profit forecast & special div.
Greenall Whitley	279	+24	280	176	Sellily rally rumours
Inter. City Holdings	100	-27	198	90	Poor results & dividend cut
Midland Bank	473	-25	448	370	Interest-paying account fears
Moss Bros.	245	+12	261	195	44% growth in interim profits
Plessey	175	+11	178	141	Takeover speculation
Rothenburg Int.	475½	+38½	478	385	Reappraisal of balance sheet
Unilever	488	+23	515	493	Fundamental support
Yale & Valor	338	-47	508	224	Fund-raising rumours

JUNIOR MARKETS

BTS lets the baton pass to a new team

EVEN THE controlling Stote family would be hard-pressed to describe the BTS Group's record since it gained a quotation as one of the most dynamic in the history of the Unlisted Securities Market.

BTS has never felt moved to use its quotation to raise any new money at all from the market, even during the initial placing in March 1985 when founder Horace Stote and his two sons, Alan and Roger, sold 23 per cent of the shares.

These, apart from a sharp rise in the middle of last year when they reached £29, have mostly trodden a sideways path. In recent months, they have hovered around the 70p mark against their original placing price of 82p. At the same time, BTS's business is hardly the type to attract a glamour rating. Based in the Black Country, the company is engaged mainly in producing remoulded tyres for sale to fast-fit retailers such as Kwik-Fit, which it also supplies with vehicle batteries.

Five days ago, however, BTS's market profile changed suddenly when a deal was announced involving the introduction of new blood — notably Michael Scorey, a director of Rockwood Holdings, one of the fastest moving companies on the USM. Alan Patricof Associates, a venture capital group, is buying a 56.6 per cent stake — all the shares still held by the two younger Stotes, who are stepping down from the board. This obliges it to

make a full offer for the company (in cash at 65p a share), but any acceptance in excess of 75 per cent are to be placed in the market.

The new arrangement is in line with the increasing trend for venture capital organisations to supply replacement capital for companies with established businesses, rather than financing start-ups or rescues. It is, however, unusual for a majority stake to be taken directly by a venture capital organisation, in a quoted company, indeed, it is APA's first venture into the field.

Aside from Scorey, who will be chairman, James Heath, a venture capitalist who worked with him at Aitken Hume, will become chief executive while Adrian Besicoff of APA is to be a non-executive director. The aim is to use BTS's quotation as means of financing acquisitions, although Heath is adamant the move is no shell operation. "I see it more as the handing of the baton over to a faster team," he says. "We see plenty of scope for expanding."

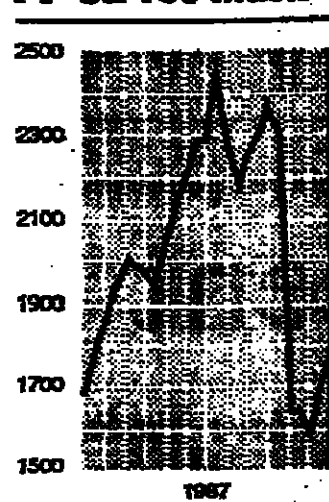
Nevertheless, the opportu-

nity to take over would probably not have arisen had the Stotes not had a particularly trying time in the year that ended in March. Pre-tax profits plummeted to £58,000 (251,000) after previously having eased down from a peak of £594,000 achieved in 1986. Earnings per share dropped from 7.4p to 1.53p.

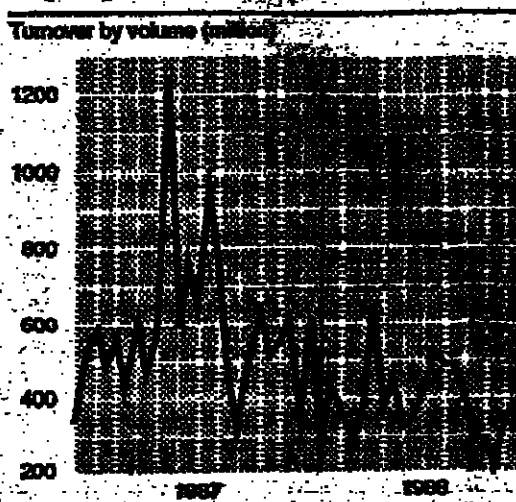
The company blamed higher-than-expected demand for tyres, leading to increases in raw material costs and the need to take on extra staff, aside from pushing up the wage bill, these new people increased the percentage of defective products. At the same time, the mild winter did not help battery sales, which were down by about 50 per cent during February and March.

Despite these problems, though, BTS's records still occupy a prized position in the tyre market. As the latest annual report points out proudly, its new Monarch Steel range was the only tyre — either new or remoulded — to be awarded the British Standard Institute's "Kitemark" for quality last year. And although

FT-SE 100 Index



Equity shares traded



lies and Morgan Commission. The justification for this move was the possible effect on competition in the titanium and zircon markets.

Analysts looked puzzled — but that was no help in the Gold Fields share price, down 2½ to £11½ on the news. Still, come Thursday, the Secretary of State for Trade and Industry was fiercely emphasising that competition alone should be the main reason for rejection, and that variations "public interest" grounds were only to be used in exceptional instances. A cynical City will doubtless feel it has heard all that before, but at least the official line does not give any grounds for gloom for holding in the tracks.

Not that there is much sign of any reluctance to step forward. The past five days, for example, have seen a Canadian battle commence between two retailers of frozen foods, Bogen and Iceland; a £100m scrap start between Avdel (better known by its former Newsum Industries tag) and US-based Banner Industries; and the unveiling of a £100m pan-European deal between Metal Box

and the French packaging group, Cardec.

And that is before coming in the activities of the ever-present Australian entrepreneur. Further buying by Alan Board, who has been in the Igloos share and took Board Corporation's holding up to a declared 50 per cent (with rumours of more besides). Meanwhile, John Elliott's Elders & Fyfe's share in South & Newcastle — for which it is making a £1.6m leveraged bid — to about 12 per cent. SEN shares, it should be said, are taking little heed of the robust stance on monetary policy and were pointing nicely for most of the week at a mid-price of 48p, just 1p ahead of Elders' 40p offer price.

Less happy was the abortive attempt by Thomson T-Link — two years ago still little more than a shell — to acquire Sater, the industrial conglomerate, in a deal rumoured at £200m. The bid, last may be more tolerant than it was a few months ago, but a paper-based bid for a company twice the bidder's size had much of the market's sniff.

did Rural Telecom, which owns the Vodafone cellular communications business, receive a reprieve welcome when its shares started trading on Wednesday. The best they could manage was a 4 per cent premium — presentable, but it underlined the fact that a 30 times prospective p/e multiple, even for this type of company, was less than a giveaway.

In fact, this handful of events neatly sums up current sentiment: caution and discrimination are the watchwords at present, and while a good deal can be carefully sold to investors, few investors take anything on trust any more.

No-one knows that better than RL. Britain's biggest chemical company, and its traditional industrial base, pulled out a 15 per cent increase in its nine-month profit at £1.15m on Thursday, right on target and leaving analysts to predict over £1.5m for the full year. That suggests a multiple of just 2. And the share? Oh, just 50p, up to 52.5p.

Nikki Tait

Privatisation

High-yield Steel appeal

ANYONE who owns a *Business Book of Records* will discover that British Steel's unlisted shares in the scale of financial history. In 1987, it had £1.7bn, the largest ever corporate deficit.

Given the magnitude of British Steel's problems in the early 1980s, it was little wonder that a series of gloom-ridden television adverts to convince investors to fork out for the latest company in the Government's privatisation programme.

However, the pessimistic prospect, least yesterday, illustrates that this decade's massive restructuring of the industry has resulted in a efficient, internationally competitive British Steel. Whatever the social costs in terms of redundancies, the man-hours needed to make a tonne of steel have fallen from 145 in 1980 to around six today.

When considering British Steel as an investment, the first thing to do is cast aside preconceptions. Modern steel-making is not about grime-streaked men shovelling coal into a vast furnace. Today's steel worker is more likely to stare at a computer screen than at a shovel. In the highly automated plants, workers can monitor on screen the quality of steel as it is continuously cast. If the quality of the decline in quality, the problem can be rectified instantly.

Waste is thereby kept to a minimum and customers can rely on a better-quality product.

The second misconception is that British Steel will inevitably lose out to low-cost, low-wage Asian producers. Although Korea and Japanese steel companies are extremely efficient, steel is such a bulky commodity that the costs of transporting it are prohibitive. The areas where British Steel competes with Asian producers are limited.

Competition with European and US producers is more of a day-to-day reality and here British Steel appears to be well placed. Certainly, its profits are easily the largest in the EC. Having at last made a small pre-tax profit of £63m in the year to March 1988, British Steel has produced successive annual profits of £177m and £415m and is forecasting £550m this year. Its performance has been boosted by its increasing concentration on added-value products such as coated steels, thereby protecting it from the most savage price swings at the bulk commodity end of the steel market.

However, there are still risks. The steel industry may not be labour-intensive, but it remains capital-intensive. As a result, steel-making involves high fixed costs, which means that if demand or prices fall substantially, profits will quickly feel the pinch.

For all chairman Sir Robert Scholey's suspicion of analysts' talk of economic cycles, they do exist, and British Steel would inevitably be affected by any downturn, particularly in the construction and automotive sectors.

Sir Robert Scholey, pulling out all the stops.

British Steel's strategy — aiming to be the most efficient producer — is sensible. However, that may simply enable it to prevent a decline in profits rather than to maintain growth in a recession. So the investor who is looking to find another fast-growth stock such as Body Shop will not be interested in British Steel. The key to Steel's appeal is the yield.

If British Steel is valued at £15m, the lower end of the range of analysts' estimates, the yield will be 6 per cent; if the capitalisation is £2.75bn, the yield will be 7.3 per cent. Either level would be extremely good news for those would-be investors, such as pensioners, who want income-bearing investments.

And the good news doesn't stop there. The eventual price, "bookend" in the range of 198p to 135p, is payable in two instalments. That will increase the gross yield on the newly paid element to between 14 and 16 per cent. Sir Robert Scholey was making it very clear yesterday that the company would pull all the stops out to maintain the dividend, even if the profits fell. That should put a floor under the shares.

In any case, no-one is expecting the shares to be overpriced. The Government is very keen to put the privatisation programme back on course after last year's BP flop. The actual bid prospective p/e is only expected to be around 5 to 6.5, about half the market average.

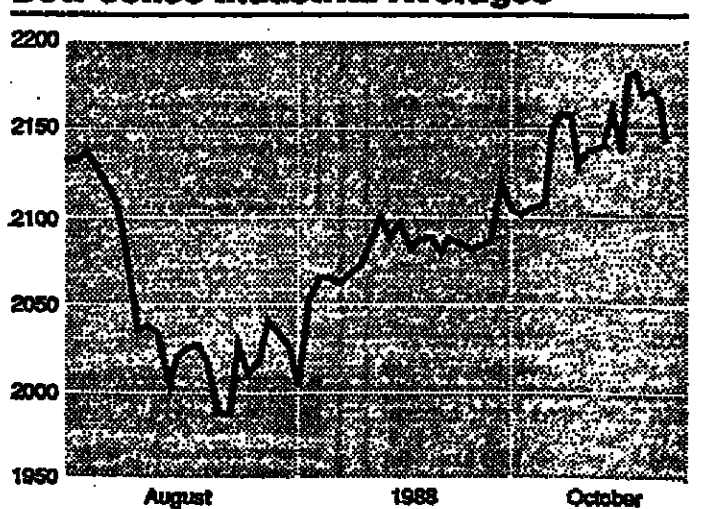
One million people have already expressed interest in the issue, a sign that the public is recovering confidence in equities after the crash. The flotation of Rural Telecom, which despite many confident predictions of a hefty premium, ended — this week — trading scarcely higher than the offer price, has illustrated that glamour issues are no longer easy pickings for the stage.

No-one could describe British Steel as a glamour stock. But for those who are prepared to be long-term holders, and who are interested in income-bearing stocks, British Steel could be a useful addition to the portfolio.

Philip Coggan

The slot-machine mentality

Dow Jones Industrial Averages



evidence of a certain lack of humility and common sense. The bankers do not need Greenspan to tell them that a recession could happen sometime in their lifetimes, and that the revenues of the leveraged companies they finance would suffer as a result. We can therefore take them at their

word when they claim that they have subjected their LBO portfolios to all kinds of reasonably cautious "worst case scenarios" and found them to be sufficiently robust.

What this means in practice is that many, if not all, of the deals which are currently in the market will in the end be

financed. The fact that the market has rejected some deals, such as the refinancing of Campeau Corporation's gigantic acquisition debt from the Federated Department Stores takeover, should not necessarily be seen as alarming. On the contrary, it indicates that high-yield lenders are still capable of some discrimination.

Rather than hand their billions to Robert Campeau, they would prefer to keep them ready for the financing of RJR Nabisco, a far more solid and recession-resistant business than Federated Stores. Campeau, after all, is a man who has already disappointed his bond holders once by using the cash he squeezed out of his earlier takeover of Allied Stores to bid for Federated, instead of paying off debts.

The commercial banks, which typically provide about 60 per cent of the money in LBO or merger financing, may be acting equally sensibly, at least by their own lights. For example, officials at Manufacturers Hanover Trust, one of the biggest LBO lenders, noted

this week that they subjected all their loan assessments to a worst-case scenario involving a recession within the next two years, a bank prime rate as high as 15 per cent (compared with 10 per cent currently), and a 10 to 15 per cent decline in the borrowing company's sales.

Like every such assessment made by a lender or investor in the midst of a speculative credit bubble, this seems an adequately cautious approach. What is really ominous about the present LBO fever is not its recklessness, but its appearance of good sense. The history of credit bubbles very strongly suggests that something will, in the end, go badly wrong for the highly leveraged companies. If the lenders and investment bankers are really building in assumptions about a mild recession two years hence, the chances are that the reality will prove much worse.

Before that happens, however, a decent meg rally on Wall Street is a distinct possibility. The takeovers, along with its concomitant fears about debt and credit, calms down.

Monday	2,170.34	- 15.16
Tuesday	2,173.36	+ 3.02
Wednesday	2,168.18	- 5.18
Thursday	2,160.93	- 7.25

Anatole Kaletsky

T H E S U R E R W A Y T O T H E C I T Y

The graph here shows the ups and downs of the stock market since 1940. It is the sort used by financial commentators such as the FT and Investors Chronicle when charting very long-term trends. (For your information it is a logarithmic graph.)

Compared to what happened in 1929, the depression between '31 and '33, or for that matter the crash of '74 it was a hiccough, albeit a painful one for a number of people. Now, be honest, who remembers the crash of '74? It's hardly a topic of everyday conversation, is it?

So the events of last October should be seen as a temporary setback. Not a catastrophe. Until recently, equities have always been seen as a long-term investment. We believe this

is how they should be looked at still.

With this in mind the so-called crash has, if nothing else, provided us all with a fine investment opportunity. It was, after all, the shrewd investors who climbed straight back into the market after the 1974 crash. Likewise, one could argue that now is a particularly appropriate time to start to invest.

What are the factors governing this unsatisfactory state of affairs? Certainly confidence has not returned as it must if progress is to be made. The short-term investors, born of the get-rich-quick privatizations, had their fingers burnt and it may prove impossible to coax them back. But the reluctance of many financial advisers to recommend long-term investments such as Unit Trusts is more difficult to understand.

Undervalued stock may not realise, necessarily, short-term gains. They

do however provide ample opportunity for long-term growth.

For all the talk of overheating, the UK economy is still sound, indeed more so than that of the USA where markets have made a more spirited recovery. A recovery that has become a world-wide phenomenon, with almost every market having bounced back to some degree over the past year.

What form should any return to equities take?

Unit Trusts still have a lot to offer (especially now while units are relatively cheap), and they enable you, as always, to spread the risk. Of course, we

would not be human if we didn't recommend our own trusts. There are two that we sincerely believe are ideally suited to the present financial climate. Though it must be said the value of units and the income from them may go down as well as up.

The two trusts we'd like to recommend are: The Holborn Small Companies Trust and The Holborn International Small Companies Trust. We're so confident of their prospects that we're offering you, for the next three weeks, a little encouragement in the form of a 1% discount.

It can be argued that there is more potential for growth now while prices are low, an argument that is even more relevant to smaller companies which offer even greater opportunities because they start from a smaller base. This is why both our recommendations concentrate in this area.

Furthermore, plenty of evidence can be built up supporting our case. We are, after all, part of one of the UK's biggest investment groups. And as such, no one is better qualified to advocate a return to equities.

The whole situation is such that what may to some look like an insurmountable problem is in fact an opportunity. In this case the opportunity may well turn out to be a golden one.

**If you would like further information speak to
your financial adviser.**

PRUDENTIAL HOLBORN

GRAPH SOURCE: FTW FOURTY INDEX FROM 1940-1962 (BASE YEAR=1918) AND FTA ALL SHARE INDEX FROM 1962-SEPT 1988. PRUDENTIAL HOLBORN UNIT TRUSTS LIMITED, 30 OLD BURLINGTON STREET, LONDON W1X 1LB. CLIENT SERVICE DEPARTMENT 0800 010 345. PRUDENTIAL HOLBORN UNIT TRUSTS LTD IS A MEMBER OF LAUTRO, IMRO & THE UTA

FINANCE & THE FAMILY



Barlow Clowes investors might well agree with the message on this card, part of a £5m advertising campaign sponsored by CAMIFA, the Campaign for Independent Financial Advice

Warning on staff standards

A RECENT survey measuring the standard of service provided by insurance companies selling life and pensions business concluded that standards of knowledge, helpfulness and speed of efficiency of staff were declining.

Although the survey was based only on questions to brokers on the staff of the Alexander Consulting Group, the employee benefit consultant, the implications for clients are worrying. Brokers are under a legal obligation to

offer the best products to clients but, according to Alex Sinclair at Alexander: "We get a poor service, the client suffers." Broker sales are an important source of business for life companies; they account, for instance, for 10 per cent of all products at Allied Dunbar.

The overall results - taking into account local and head office service - ranked Allied Dunbar first, Canada Life second and Save & Prosper third. For efficiency, the local offices of Allied Dunbar, Scottish Life and London & Manchester performed best. "Many of the best names were further down the scale, which suggests that the smaller offices may be more aware of the need to protect themselves," said Sinclair.

Heather Farmbrough

The rules on investors' rights are taking shape. But, as Eric Short reports, much remains to be done

Pensions still out in the cold

A case of more bark than bite

THE COMPLAINTS systems within the new financial services framework are coming into shape with the unit trust ombudsman joining the insurance, banking and building societies' ombudsmen.

However, one important sector not covered by the new legislation is company pensions. The Government in its wisdom decided that company pension schemes were not investments, even though they represent the largest asset (along with their house) for most employees. The Occupational Pensions Board is considering a report to John Moore, the Secretary of State for Social Security, on the role of employers, employees and trustees in company pension schemes. One common theme in the submissions to the board was the need for an improved system whereby employees could have their grievances about company pensions investigated by an independent body. The most favoured solution was a pensions ombudsman or a special tribunal.

At present, employees with a grievance against their pension scheme can argue their case only with its trustees, who have wide-ranging powers. If their grievance is rejected, the only recourse is to take the trustees to court. Not surprisingly, most employees tend to

be wary of doing that - even if they consider they have a strong case - because of the costs.

Opas (the Occupational Pensions Advisory Service) tries to fill the gap although, as constituted, it is only an advisory and conciliation service. But it does have a useful function despite its lack of teeth and one case history quoted in its annual report, published this week, highlights the problems. The employee concerned had, on retirement, queried the calculation of the amount of deferred pension to which he was entitled from a previous employer's scheme. As he could not get a reply from the trustees, he contacted Opas.

When the Opas adviser contacted the employer, he was told (in extremely rude terms) to mind his own business. But Opas did not give up. It sought legal advice, using its contacts with the Association of Pension Lawyers, and a solicitor wrote on behalf of the claimant to the trustees. After a short exchange of letters, the employee received a weekly increase of £2 in his pension, together with back payments.

Opas does not charge for its services and its advisers, many of whom are retired pension scheme administrators, have time to pursue an inquiry as well as access to free expert

advice. But it admits that it can exert only moral pressure. Most bodies submitting evidence to the OPB agreed that the system needed changing to one that was quicker, cheaper and more user-friendly to the employee. There were, though, various views on how this could be achieved.

Some people felt the success of the insurance ombudsman scheme could be repeated with a pensions ombudsman. But this does not follow automatically. Many benefits under company schemes are purely at the discretion of the trustees. Pension lawyers believe that any arbitrator would be wary of overturning trustees' decisions unless they had abused their powers flagrantly. However, any arbitration scheme giving an ombudsman powers to overturn decisions would alter the whole concept of company pension operations. It could, for instance, mean the arbitrator deciding on how a pension scheme surplus should be used.

Opas itself, in its evidence to the OPB, suggested a three-tier system.

The bottom tier would handle the vast majority of routine complaints that can be resolved through negotiation. Opas already performs this task effectively and suggests

that its operation could be expanded and put on a firm operational footing, with statutory backing, so that trustees would have to co-operate.

The top tier would handle the clear-cut legal disputes. Opas favours a tribunal where the decisions would be binding on the lines of existing industrial tribunals, rather than an ombudsman.

The middle tier would deal with disputes such as those involving discretionary payments - for instance, apportioning lump sum death payments between various claimants.

Here, though, Opas does not have a clear idea as to how it would operate. Chairman Margaret Grainger believes that more thought needs to be given to this area before deciding on a complaints system. Opas has set up a working party to consider the situation. Nothing will happen until the Government publishes the OPB's report and sets out its recommendations. But the success of Opas in handling complaints might give the Government an excuse to do nothing, except require companies to provide more information to members on mergers and takeovers, and to encourage more company pension schemes to support Opas.

DON'T RUSH to send your complaints to the new unit trust ombudsman. Although Christopher Price took up residence at the Insurance Ombudsman Bureau last week, he does not start officially until November 1. What is more, there is considerable confusion about what complaints he can handle because the system is far from complete.

So, a daunting task faces Price. Not only is it a new post but he is new to unit trusts and to the general financial services legislation, having previously been in the army legal service.

His technical adviser, recommended by the Unit Trust Association, does not join the bureau until mid-November. In the meantime, Price will have to familiarise himself with the various rulebooks of the self-regulatory organisations. Thus, it is some time before the ombudsman system settles down.

Nevertheless, there was already a pile of complaints awaiting him when he arrived last Monday morning (under his terms of reference, the ombudsman can deal with complaints going back six months before his appointment).

The financial services legislation is supposed to provide a comprehensive complaints service, but this has been very slow to develop in the case of unit trusts. Normally, the Securities and Investments Board (SIB), the main regulatory organisation, has tended simply to build up the existing complaints systems. However, there was no system for unit trusts so the bureau was persuaded to extend its operations to allow for a unit trust ombudsman.

Unit trusts have not fitted easily into the financial services regulatory framework. One problem is that the unit trust management groups are authorised by the Investment Managers Regulatory Organisation (IMRO), which makes its procedures be dealt with either by the Life Assurance and Unit Trust Regulatory Organisation (LAUTRO) or by the SIB. The general operations of unit trusts, including pricing, is the direct responsibility of SIB.

Technically, a unit trust complaint could be dealt with by one of three different systems depending on its nature.

The intention is that the unit trust ombudsman would embrace all types of complaint. But, like many good intentions, the execution has fallen far short of the objective. Indeed, there are some major gaps in the existing system.

To start with, membership of the unit trust ombudsman scheme is voluntary on the part of management groups. Second, establishing the unit trust ombudsman was encouraged by LAUTRO. As a result, management groups must be members of LAUTRO before they can apply to join the scheme. However, it is understood that the SIB intends to allow groups which it has authorised directly, such as the banks, to join the ombudsman scheme.

For the moment, the majority of the 30 members of the scheme are the unit trust subsidiaries of the life insurance companies which already belong to the insurance ombudsman scheme.

In addition, the brief of the ombudsman relates only to those complaints falling within the LAUTRO orbit. Thus, complaints relating to the marketing of unit trusts - such as advertisements, point of sale information and promotional literature. Complaints on unit trust pricing and investment are, at the moment, outside that brief.

Pricing could be a major problem as many management groups, with a complex mixture of historic and forward pricing, are sitting on a powder-keg of complaints that will explode when the stock market moves sharply. However, un-

holders are not left out in the cold; complaints would be handled by the appropriate regulatory organisation. LAUTRO or SIB for marketing and IMRO for pricing and investment.

LAUTRO already has a complaints procedure in operation within its general compliance system. IMRO, on the other hand, is still looking for a "reference" to head its complaints system; until this appointment is made, complaints are held in a pending file.

However, the decisions of the arbitrator/adjudicator or referee (whatever name is used) are binding on members of IMRO and LAUTRO on claims up to £100,000. So, it is not an easy option for management groups to decline to become part of the unit trust ombudsman scheme. Why, then, have they been slow to join?

For one thing, there is the usual inertia among managers waiting to see how the system develops before joining, particularly as they have to pay extra fees to belong whereas the LAUTRO and IMRO complaints system is included in their membership fees.

Such a confused system could deter unitholders from making a complaint. However,



Christopher Price: new role

a liaison committee will channel complaints to the most suitable body to handle them and keep complainants informed. In theory, at least, unitholders can contact any one of the different organisations in the knowledge that their complaint will be dealt with.

Nevertheless, it is highly unsatisfactory to have different complaints systems. The overriding weakness is that different adjudicators could have different standards of assessment and come to different decisions on identical complaints.

Listed below are the various organisations involved:

■ Unit Trust Ombudsman, 31 Southampton Row, London WC1B 5EL

■ Investment Managers Regulatory Organisation, Complaints Department, Centre Point, 105 New Oxford Street, London WC1A 1PT

■ EIL Lebens, Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 105 New Oxford Street, London WC1A 1PT

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Investment EXCLUSIVE REPORT

STAND 111

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To: Morgan Grenfell Unit Trust Managers Ltd., FREEPOST, 46 New Broad Street, London EC2B 2UT.

I/We wish to purchase units in the Morgan Grenfell U.K. Equity Index Tracker Trust at the price to be calculated on the business day following receipt of this application.

I enclose a cheque for £ (minimum £1000) payable to Morgan Grenfell Unit Trust Managers Limited.

I am/We are over 18 years of age.

Tick box for accumulation units ☐

Tick box for details of Monthly Savings Account ☐

Joint holders should give names and addresses and sign on a separate sheet of paper.

Surname (Mr/Mrs/Miss) _____

Forenames (in full) _____

Address _____

Postcode _____ Date _____

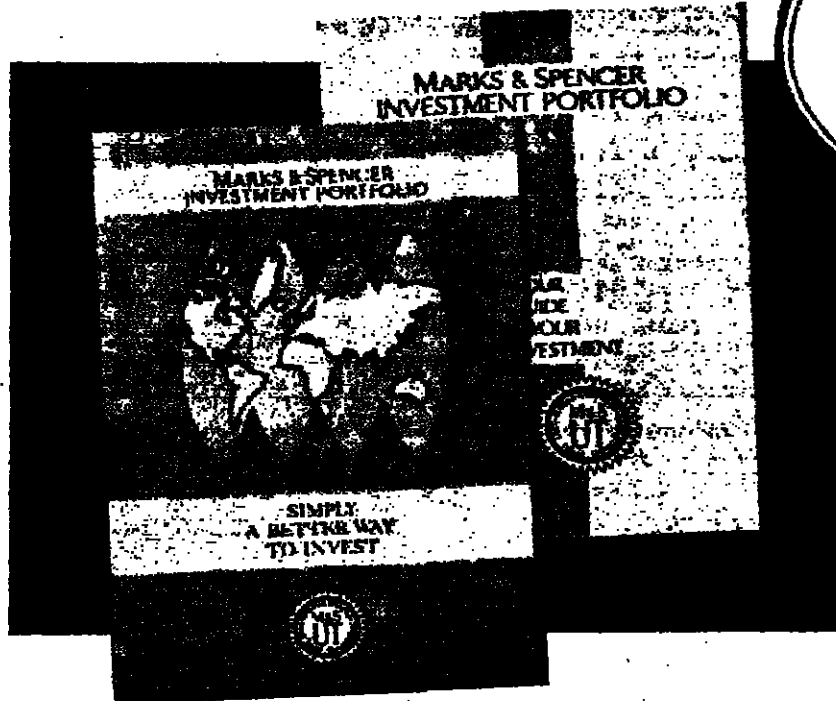
Signature _____

Issued by Morgan Grenfell Unit Trust Managers Ltd. Member of LAUTRO, IMRO and the Unit Trust Association.

THE NEW MARKS & SPENCER INVESTMENT PORTFOLIO

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CLOSES
2ND NOVEMBER.**



We have taken our traditional approach to selecting suppliers and applied it to unit trusts.

The result is a unique answer to your investment needs. The new Marks & Spencer Investment Portfolio gives you access – for the first time

– to skilled techniques in investment management, currently being used by the largest institutional funds.

Frank Russell International, who have guided some of the world's largest and most successful investment funds, are working with us on an exclusive basis in the allocation of money across markets and between investment managers.

Please remember that the value of units and the income from them cannot be guaranteed, and can go down as well as up.

Fixed Price Bonus Offer closes 2nd November.

The fixed price offer of 100p per unit, and the 1% launch bonus for all lump sums over £1,000, close at 5.30pm November 2nd. To ensure that we receive your application in time:

- Post your application and cheque, 1st class, by 31st October.
- Or, use the special Financial Services Postbox in any M&S store, by 1st November.
- Or, ring us on 0800 363456, before 5.30pm on November 2nd (lines open 9.00am to 5.30pm on weekdays).

Lump Sum or Regular Savings.

You can invest a lump sum (minimum £500) or, if you prefer, take out a Regular Savings Plan for as little as £25 per month.

Further Information.

To find out more:

- Pick up a brochure in your local Marks & Spencer store.
- Or, telephone free on 0800 363432 between 8.30am and 9.00pm, seven days a week.

Further information is given below. Marks and Spencer Unit Trust Management is a member of IMRO and LAUTRO.

MARKS & SPENCER INVESTMENT PORTFOLIO - APPLICATION FOR UNITS

Send this coupon to: Marks and Spencer Unit Trust Management Limited, FREEPOST, Chester X CH99 3YZ to reach us by 5.30pm on 2nd November 1988.

1. For a Lump Sum Investment

- I/we wish to invest £_____ (min £500) in the Marks & Spencer Investment Portfolio at the fixed price of 100p per unit.
- I/we understand that this will include a 1% bonus of units if I/we invest £1,000 or more before the closing time (5.30pm on 2nd November 1988).
- I/we enclose a cheque made payable to Marks and Spencer Unit Trust Management Limited.
- Normally, we will issue Accumulation units, where the income is reinvested; if you would prefer Income Units, where you receive the income twice yearly, please tick here. ☐

2. For a Regular Savings Plan

- I/we wish to invest £_____ per month (min. £25), at the offer price ruling on the day of receipt of each instalment. I enclose a cheque for the first monthly payment, and understand that you will send me a direct debit mandate by return.

(BLOCK CAPITALS PLEASE)

Mrs/Ms/Miss/Ms. Forename(s) _____

Surname _____

Full Name of Second Applicant, (if any) _____

Address _____

Postcode _____ Telephone No. _____

I have a Marks & Spencer Chargecard ☐ Marks & Spencer Budget Account ☐ (please tick).

I am a Marks & Spencer shareholder ☐

Signature(s) _____

Date _____

This offer is only open to residents of the United Kingdom aged 18 and over. In entering into this contract with the Managers you will not have any right to cancel the contract under the Financial Services (Cancellation) Rules 1988.

The facts about the Marks & Spencer Investment Portfolio. Managers, Marks and Spencer Unit Trust Management Limited (Member of IMRO and LAUTRO). The Company is a subsidiary of Marks and Spencer plc. Investment Managers, Barclays de Zoete Wedd Investment Management Limited, GAO Woolley Limited, Mercury Asset Management Limited, (UK Equity Managers), Phillips & Drew Fund Management Limited (Fixed Income Managers), Globe Fund Inc. (Overseas Equity Manager), Trustees, Cescorp Trustee Company Limited, PO Box 10, 7 Savoy Court, London WC2R 0EA. (A member of IMRO). Prices/Yields. Units are being offered at an initial price of 100p per unit, giving an estimated gross yield of 3.0%. This price will apply until 5.30pm on 2nd November 1988 when the fixed price offer closes. Thereafter, units will be available at the offer price, fixed at the Valuation Point each business day. As this is a new fund, there is no historic information on differences between bid and offer prices. The fund will be valued daily at 12 noon on business days. The value of units is based on the fund's underlying investments, and the value of your units will be the prevailing bid price fixed at the Valuation Point (the price at which the Managers will buy back your units).

You can choose between two kinds of units – income or accumulation. Income units are designed to give a regular income while savings from accumulation units will not be paid direct to you but will be added to the value of your investment. In time, there will be a difference between the price of income and accumulation units, calculated by reference to the value of the assets of the fund to reflect the fact that income is either paid out or reinvested. Regular Savings Plan units will be allocated, on an accumulation basis, at the price prevailing on the day of receipt of payment (4th of month). Prices and yields will be published regularly in the Financial Times and the Daily Telegraph. Income Distribution. There will be made on February 28th and August 31st each year. However, the only distribution in the first year will be made on June 12th 1989. At the same time all unitholders will receive a copy of the Manager's 6-monthly report. Tax. Income Tax is payable on the income you receive from the fund if you buy income units or the income which is accumulated for your benefit if you hold accumulation units. Taxpayers who pay basic rate tax will have no further tax to pay on income. Higher rate taxpayers will have to pay a further amount, currently 15%, at the end of the tax year. Tax on capital gains (currently levied at the same rate as income tax) from sales of units will be payable

if your total net gains from all sources is over the current annual Capital Gains Tax limit of £5,000. Any reference to tax is based on the Managers' understanding of current law and Inland Revenue practice, which can change: changes cannot be foreseen. Tax, too, will depend on your individual circumstances. Charges. An initial charge of 5.5% of the offer price (equivalent to 5.82% of the creation price) is recoverable by the Managers: out of this, commission is payable to intermediaries under LAUTRO rules. There is also a management charge of 3.5% per annum (plus VAT) of the fund's value, deducted in monthly instalments from the fund's income. The Trust Deed allows a maximum initial charge of 7.5% of the creation price of the units and a maximum annual charge of 2%: any change to the annual charge is subject to 3 months' notice by the Managers. The Trust Deed also allows payment out of the fund of the trustee's fee (plus VAT) together with other fees and expenses associated with the operation of the fund. Buying and Selling. Units can be bought or sold from 9am to 5.30pm on any business day at the offer or bid prices ruling at the next Valuation Point. Payment for units sold will be made within 5 business days of receipt of a renounced unit certificate. We will send you a contract note within 24 hours of processing of your

order. Certificates will be sent within 21 days of receipt of payment. Investment Policy. The fund will be invested in a spread of fixed interest stocks and UK and overseas equities. The proportions may be varied from time to time by the Managers. The initial allocation is planned to be as follows: UK Equities 60%, UK Fixed Income 20%, Overseas Equities 20%. Registered Office: Michael House, Baker Street, London W1A 1DN. Full details of this fund can be obtained from Marks & Spencer Unit Trust Management Limited, PO Box 410, Chester X CH99 3QG. The Managers' 6-monthly reports will also be obtainable on request as soon as they are available. More detailed terms and conditions are contained in the Scheme Particulars which are available from the Managers on request from the above address. If you are buying units in a Regular Savings Plan and you wish to stop doing so and your accumulated holding is less than £500, then you must sell all your units. No maximum bid/offer spread is stipulated in the Trust Deed and the Managers reserve the right to vary the pricing basis of units, subject to relevant regulations made under the Financial Services Act 1986.

MARKS & SPENCER

Our US Bank Accounts are attracting a lot of interest

Bell Savings Bank has been serving many thousands of satisfied depositors in USA for over 60 years, offering traditionally high US Dollar interest rates and fast efficient service. We now offer the same benefits to international depositors with many advantages:

- * Minimum opening deposit only £500 or US Dollar equivalent.
- * No currency conversion charges or commissions taken.
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- * All deposits fully insured up to \$100,000.
- * FREEPHONE between UK and USA for account holders.

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- 2 Variable Rate Certificate of Deposit.
- 3 Variable Rate Money Market Account.
- 4 Capital Maximiser Premium Money Market Account.
- 5 Personal or Business Checking Account.
- 6 Corporate Checking Account.
- 7 Jumbo Account.



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BELL SAVINGS BANK PaSA, 15th & John F. Kennedy Boulevard, Philadelphia, Pennsylvania, 19102 USA. Paid up Capital & Reserves in excess of \$2,000,000.

Deposits made with the offices of Bell Savings Bank in USA are not covered by the deposit protection scheme under the UK Banking Act 1987.

For full information, write to Bell Savings Bank Representative Office at: FREEPOST Dept. W, The Grove, Starrock Lane, Coulsdon, Surrey CR3 9U or telephone 01 660 4354.

Name _____

Address _____

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AFTER the crash, a consoling strategy for the unit trust investor has been: "Hang on - it will all come out right in the long term." After all, the argument runs, unit trusts are likely to beat the returns from building society investment accounts by a very wide margin over longer periods, and trusts also have a good record when it comes to beating inflation.

The latest report on unit trust performance from Micro-Trust sheds some light on these areas. Its analysis of sector average performances is shown against major stock market indices, building society rates and inflation for a range of periods including the month of the crash, the year after the crash and the five years to October 1, 1988.

For the year to October 1987 - the year leading up to the crash - the average unit trust gained just over 40 per cent in value. For the year to October 1988, it lost 23.5 per cent.

During the month of the crash, the average unit trust lost 25.4 per cent. During the following 11 months of uncertainty, the average rose by only 3.4 per cent.

Most sectors during the period of the crash made a loss of between 20 and 30 per cent. Sectors where the average loss was less than 20 per cent were Japan (-18.2%), UK Mixed Income (-18.4%), UK Growth (-19.9%) and the two gilt sectors, which actually chalked up gains of between 1 and 2 per cent during the period.

Losses of more than 30 per cent were made in the Commodity & Energy sector (-37.2%) as well as the North American (-31.9%), Far East (-37.6%) and Australian (-47.4%) sectors. Of the worst-performing sectors, North America and the Far East have done a lot of catching up since the crash, with average increases of 11.8 and 15.4 per cent respectively. The Australian sector has seen an average growth of only 4.4 per cent since November, and Commodity & Energy has shown a fur-

Christine Stopp on unit trusts after the crash Take the long view

SECTOR	UNIT TRUST RETURNS (OFFER TO BID)			
	1/1/87 1/10/88	1/10/87 1/11/87	1/10/87 1/10/88	1/10/87 1/10/88
UK Growth	+2.5 -25.8	-25.8 -25.8	-25.8 -25.8	+142.8 -142.8
UK Equity Income	+2.5 -22.2	-22.2 -22.2	-22.2 -22.2	+147.1 -147.1
North America	+14.2 -18.2	-18.2 -18.2	-18.2 -18.2	+161.7 -161.7
Average Fund Performance	+3.4 -25.4	-25.4 -25.4	-25.4 -25.4	+106.9 -106.9
Building Soc. Higher Rate	+5.1 +0.5	+0.5 +0.5	+0.5 +0.5	+43.9 -43.9
% that Showed Gain	(72)38.4%	(49)4.5%	(59)5.4%	(49)2.9%
% that Beat Inflation	(42)38.2%	(47)4.3%	(13)1.7%	(42)38.2%
% that Beat Building Soc.	(43)43.7%	(46)4.3%	(13)1.7%	(39)77.0%

ther average loss of 10.3 per cent.

For the year to October 1987, and for the five years ending this October, over 90 per cent of all unit trusts made a gain.

During the crash, and over one year to this October, only around 5 per cent of trusts did so. But over the past 11 months, 65.4 per cent are again showing a rise in price on an offer-to-bid basis.

What of longer-term results? Taking figures over periods of more than one year to October 1, 1988, most trusts show gains rather than losses, but the crash has had a dramatic pruning effect. If you had invested in the average Japanese trust in 1982, and sold your units after five years on October 1987, you would have made a gain of 447.6 per cent on an offer to bid basis. But if you had invested in 1983 and sold your units in October this year, you would have a 181.7 per cent gain to show for it.

With a UK growth sector investment, you would have gained 342.7 per cent over five years to 1988. Another example is International Growth, with 237.5 per cent in 1987 and 65.8 per cent in 1988.

The difference is dramatic, although even a gain of 65.8

per cent over five years still beats the building societies, handsomely. A higher-rate society account would have yielded 42.9 per cent over five years to October 1988.

Over the same period, there were three unit trust sectors averages which were worse than this: Commodity & Energy with 6.4 per cent, and North America and Australia with 11.6 and 13.6 per cent respectively.

Surprisingly, given the widespread claim that unit trusts outperform the building societies in the long term, 33 per cent - almost one in four - failed to do so even over the five years. The lesson to be learnt is that unit trusts are

indeed long-term investment vehicles, but the long term is more than five years.

How have unit trusts stood up against the index? The three major UK sectors have tended to outperform the FTA All-Share in our figures, although not by a very wide margin (in the table, unit trust averages should be increased by 6 per cent to represent the bid/offer spread).

The overseas trusts have much more difficulty in beating the local index. The index figures shown in the table are currency-adjusted but, even allowing for the spread, the sector averages tend to underperform significantly over longer terms.

The five-year 11.6 per cent gain of the average US trust looks feeble against the 78.5 per cent gain in the S & P 500. However, the average US trust compared with 28.2 from the Tokyo Dow.

Both US and Japanese funds performed only a little worse than the relevant indices during the crash. However, since November, US unit-trust holders have seen a gain of 11.6 per cent (better than the S & P's 14.1 per cent after dealing expenses) while the average Japan trust has gained only 14.2 per cent against the 27.8 per cent of the index.

The discrepancy lies in the hedging against currency fluctuations and underlines the extra risk imposed by currencies on overseas unit-trust holders. Few UK unit trusts hedge heavily - or, at least, they do not do so for very long periods.

Finally, what of inflation? In the year leading up to the crash it was an easy target to beat. Over 92 per cent of trusts showed a larger gain than the retail price index, compared with 58.6 per cent which outperformed the building society return.

With the sudden recent spurt in inflation, the RPI is now a harder benchmark to beat. Since the crash, only 38.2 per cent of trusts have provided growth in real terms after deducting the growth in inflation.

Index fund is on right track

A COUPLE of weeks ago, Morgan Grenfell created unit trust history when it launched its Tracker fund - a trust in which investment performance is intended to match, or track, the FT-Actuaries All Share Index.

Index funds are not new, but Morgan Grenfell - followed quickly by James Capel with a US Index fund - is the first in the UK to attempt to match the index.

One suggestion at the time was that this type of fund would have more appeal if linked to a personal pension, where the emphasis is on reduced risk, rather than as a straight unit trust investment.

This idea has been taken up quickly by GA Life - a subsidiary of the General Accident group - which this week launched a Personal Pension All-Share Tracker fund. This invests in the distribution units of the Morgan Grenfell Tracker fund, reclaiming tax on the dividends.

GA Life offers investors a comprehensive range of funds - with switching facilities between them - on its personal pension. These include: a United with-growth; a portfolio choice of 14

funds managed by Edinburgh Fund Managers, to which is added the new Tracker fund. A unit-trust fund managed by Edinburgh Fund Managers, which does not include the Tracker.

GA is unusual among the established life companies in that the management of its linked funds is transacted by external managers.

Edinburgh is still the prime investment manager for GA Life, and the objective of its funds obviously is to beat the index. However, past experience has shown this to be difficult to achieve over the long term.

Historically, the movement in the index is equal to the performance of funds in the

second division of the long-term performance league table - just right for an employee who expects the proposition that shares will give a better return than money put on deposit, but is reluctant to accept undue volatility beyond that of the equity market itself.

Index tracking requires sophisticated computer techniques which Edinburgh Fund Managers does not possess. Morgan Grenfell has proven expertise.

Nevertheless, the Tracker fund will provide a benchmark which investors will expect Edinburgh Fund Managers consistently to outperform. There is, however, a price to be paid by the investor. There is no double-charging on the initial charge, which remains at 5 per cent. But in addition to the 0.75 per cent annual management fee, there is an additional 0.5 per cent on the Tracker fund units.

The minimum investment is as low as £10 a month - the standard for GA Life, which is trying to make equity-based personal pensions attractive to a wider public.

Eric Short

If we haven't made a profit with your investment by then we'll return it.

With commodities it doesn't matter whether the markets are rising or falling, you can still make money if your strategy is right. That, however, is a very big if.

Many eager investors have had their fingers burnt by adverse price movements.

While this element of risk makes commodities appealing to those who find a game of Russian Roulette a relaxing way to pass the time, the rest of us might prefer to invest in something more certain.

For us, there is the Rudolf Wolff Investment Guaranteed Commodity Fund 1992 Limited ("the Fund").

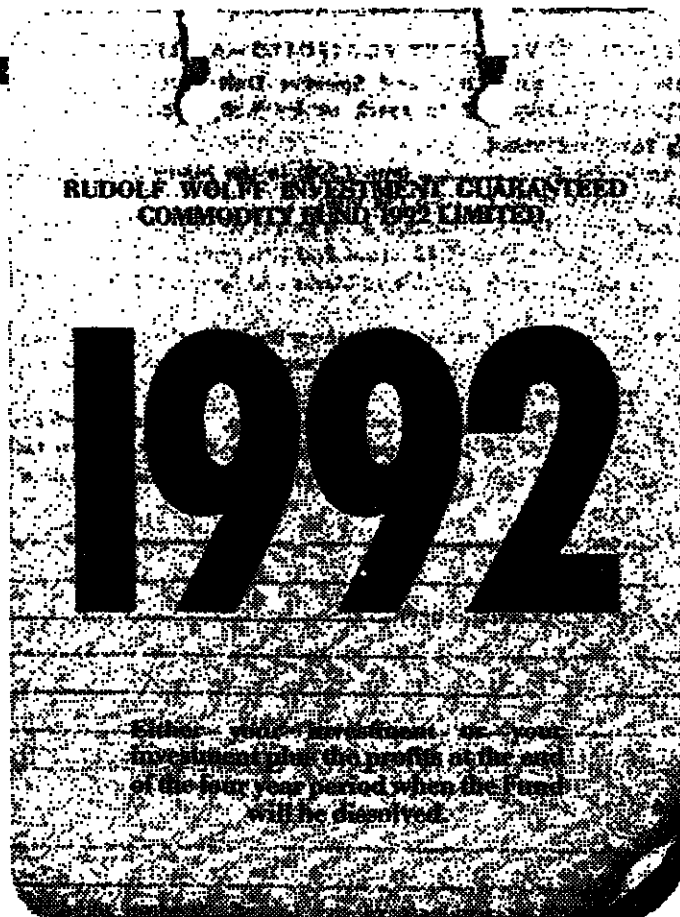
As promoters, Rudolf Wolff have structured the Fund to give you all the excitement of investing in commodities whilst the Fund guarantees the return of your initial capital. To make this possible Rudolf Wolff has arranged that on the close of the offer the Fund will purchase from Citibank, N.A. a Promissory Note that will provide for Citibank, N.A. to pay the Fund the equivalent of 100% of the initial capital subscribed at the end of four years when the Fund will be dissolved.

In other words, your potential for profit is considerable. But you can still sleep at night.

Just how much you'll make depends on the professional skills of the Fund's investment advisers Adam, Harding & Lueck Ltd.

Fortunately, the principals of Adam, Harding & Lueck Ltd have a proven track record for producing consistently above-average profits. Over the years, they have developed unique computer systems which technically analyse the markets. They combine this with sophisticated money management techniques which are applied to a broad spread of futures investments.

This ensures returns that are consistent and stable, but not devoid of excitement. Since January 1984 funds under their management have shown an audited composite average performance



of 50.2% per annum. (Source: Adam, Harding & Lueck Limited).

Of course past performance is not necessarily a guide to future performance.

If you have read this far, you probably want to know more about the Fund.

The minimum investment is £10,000 or the foreign currency equivalent. The Fund will be dissolved in 1992, when your initial capital and any profits will be paid to you.

However, the Fund, which is incorporated in Bermuda, is a closed-ended investment company, so applications for shares can only be accepted until 7 December 1988.

To receive a Prospectus, on the terms of which alone applications for shares will be considered, simply complete the coupon and post it to us.

Rudolf Wolff & Co Ltd., Freeport, London EC3 3LQ.

Or if you're in a hurry, telephone us on 01-626 8765 or on our 24 hour night service 01-283 3656.

Please send me a Prospectus for the Rudolf Wolff Investment Guaranteed Commodity Fund 1992 Limited.

Name _____

Address _____

Postcode _____

Or please telephone me on _____

FT2910

Rudolf Wolff
Profiting from Commodities since 1866

THIS advertisement is issued by Rudolf Wolff & Co. Limited which is regulated by the AFCD. The Rules of the AFCD require that investors' attention be drawn to the following matters:- the value of the shares may fluctuate in money terms - there will be no recognised market for the shares in the Fund and it may be difficult for an investor to sell his shares prior to the Fund being dissolved or to obtain reliable information about their value or the risks to which they are exposed. However, as a shareholder you will receive quarterly reports issued by the Fund, - because shares in the Fund will not be traded regularly or frequently it cannot be certain that the price for the shares will be quoted at all times and any transaction in the shares may not be effected at a quoted price. - the Fund is not an authorised person under the Financial Services Act 1986 and is therefore not subject to the rules and regulations made under that Act or by any SRO for the protection of investors.

Time for Korea development

THE ATHLETES may have gone home, but now the fund managers are moving into Korea. Baring International has launched an offshore Korean fund which will invest in a mixture of convertible bonds, Korean investment trusts and other funds.

Although this makes it something of a fund of funds,

the managers stress that private investors would not normally be able to invest in these areas. An added advantage is that, when appropriate, Barings will take the difference between the management charge levied on each of the funds and 1.5 per cent.

For investors who do not wish to put all their eggs in a

Korean basket, Providence Capital has launched an Emerging Asia trust to invest in the Asian countries which it sees becoming the Japan of tomorrow - Thailand, Malaysia, South Korea, Singapore, the Philippines, Taiwan, Indonesia and India.

Heather Farmbrough

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Office services company specialising in providing word processing, telex, and fax facilities in dynamic growth area of East Anglia. Company operates from own Grade II-listed period premises. Trained staff and management would stay on with new owner. Building provided £17,000 net rental income from tenants who are occupying under licence and will vacate on 3 months notice. The company is being disposed of by virtue of a bid list within the group. Asking price, including all assets, property and goodwill, £285,000. Write Box 144007, Financial Times, 10 Cannon Street, London EC4P 4BY

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A long established Manufacturing Company in the Process Plant Sector producing quality products and with capital and management. Turnover in excess of £2m. Healthy order book, strong customer base and export record. Principals only should write in confidence to: Box 144005, Financial Times, 10 Cannon Street, London EC4P 4BY

PRINT COMPANY FOR SALE

Small group of print companies West Midlands would like to talk to large company or group of companies interested in purchasing their own print facility as going concern. Write Box 144006, Financial Times, 10 Cannon Street, London EC4P 4BY

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CENTRAL BRIGHTON, Freehold Freehouse with Bar, Restaurant and Club. Currently trading under management, £3,200 per week, £100,000 net rental income. Freehold Price £350,000. REF: P184. Middlesbrough Office: 0437 5000. Telephone 0161 273 5000.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

No. 005478 of 1988

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share premium account of the above-named Company by the sum of £20,000,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Hoffmann at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 7th day of November 1988.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of any Order for the confirmation of the said reduction of the share premium account of the said Company should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

Dated the 28th day of October 1988

Clifford Chance,
Rover House,
Abchurch Lane,
LONDON, EC4N 3DF
Ref: RWC
Solicitors for the above-named Company.

No. 005478 of 1988

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

No. 005478 of 1988

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 17th day of October 1988 confirming the reduction of the share premium account of the above-named Company by the sum of £20,000,000 was registered by the Registrar of Companies on the 15th day of October 1988.

DATED the 28th day of October 1988

LINTLATCH & PAINES
Solicitors to the Company

No. 004929 of 1988

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

PUBLIC LIMITED COMPANY

AND

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice on 1st August 1988 for confirming the reduction of the share premium account of the above named Company by the sum of £10,000,000.

The Petition is directed to be heard before the Honourable Mr. Justice Hoffmann at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 7th day of November 1988.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share premium account of the said Company should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

Dated the 28th day of October 1988

Addleshaw Son & Latham of Dennis House,
Mark Lane, London EC3A 7BP
Solicitors for the above named Company.

No. 004941 of 1988

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

Re: CARLDO ENGINEERING GROUP PLC

- and -

Re: THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 17th day of October 1988 confirming the reduction of the share premium account of the above-named Company by the sum of £10,000,000 was registered by the Registrar of Companies on the 15th day of October 1988.

DATED the 28th day of October 1988

LINTLATCH & PAINES
Solicitors to the Company

FINANCE & THE FAMILY

Peter Gartland on where best to go for stockbroking services

Home help for small investors

EXPATRIATES

WHERE SHOULD expatriates go for stockbroking services? At the time of the City of London's Big Bang two years ago the leading stockbroking firms were falling over each other to attract private clients.

Business flowed in. It was the high point of the British Government's privatisation programme and the bull market was powering ahead at full steam.

Then the problems started. Back office delays led to a logjam of paperwork in many broking firms. It became clear that the new army of small shareholders, characterised by 'Sid' of British Gas fame, was not paying its way. Even before last year's global share crash several of the so-called no-frills share dealing services had been either abandoned or became discouragingly expensive for private clients.

Since the October 1987 stock market crash private investors have been further discouraged and several of the big-name London stockbrokers have retreated from the discretionary investment management battleground.

It is difficult enough for UK-based investors to keep track of the apparent shrinkage in the availability of private client services. But the problem is exacerbated for expatriates because of their physical distance from a rapidly-changing situation.

However, all is not lost. A minority of big-name stockbrokers is still interested in private client business. In addition, private clients are being actively wooed by smaller

firms of stockbrokers based in cities such as Birmingham and Bristol. Banks and building societies too are showing increasing interest in private client dealing services.

Among the big names, James Capel and Capel-Cure Myers stand out as firms which seem prepared to make a go of private client business. Despite the similarity of names, the two firms are quite separate.

James Capel, whose research capability is widely admired by fund managers, is part of the Hong Kong and Shanghai Bank. Capel-Cure Myers has recently acquired Canadian backing.

Expatriate clients of James Capel usually deal through its Channel Islands offices and can choose from a range of services spanning share buying and selling, advice, and full discretionary management of an investment portfolio. James Capel offers three levels of discretionary investment management for expatriate clients.

For those with £30,000 or more to invest, the Special Selection Portfolio Service offers investment in a range of offshore funds, the choice of which depends on whether the client is looking for capital

growth, income, or a mixture of the two.

There is no front-end charge and the annual fee is 0.5 per cent of the value of the portfolio. James Capel is able to run this service profitably by retaining the commission payments received from fund management groups with whom it places clients' business.

James Capel's second layer of discretionary investment management is for investors with a minimum of £100,000 to invest. This layer offers investment direct into shares but still utilises offshore funds and investment trusts for, say, Far Eastern markets. There is an annual fee of 0.75 per cent (minimum £1,000) and competitive dealing charges in respect of individual shares bought and sold on the client's behalf.

The top end of James Capel's discretionary range is the grandly named International Portfolio Management Service. This requires a minimum commitment of £250,000 which is invested in individual stocks and shares on a global basis, according to the client's currency base and James Capel's prevailing asset allocation view. There is an annual fee of 0.75 per cent (minimum £2,000) which reduces to 0.5 per cent on portfolios valued at more than £500,000.

Peter Lake, the head of James Capel's international private clients' department, describes their approach as disciplined. In particular, the firm insists on expatriate clients using its nominee company as a means of minimising paper flow. Mr Lake says bluntly: "If a client tries to step out of line he has got to go to another firm."

Fred Carr of Capel-Cure Myers also regards it as "absolutely essential" for expatriate investors to use a nominee company if they want discretionary investment management.

The majority of the company's expatriate clients live in the Middle East, and C-CM executives make regular visits to the region as well as to African countries, notably Zimbabwe.

C-CM's minimum requirement for discretionary management is £150,000 but for clients who operate at a lower level of investment C-CM offers a Luxembourg-based fund where, for a minimum of £10,000 or its US dollar equivalent, investors can choose between income and capital growth funds.

Among provincial stockbroking firms which are keen to build up their base of expatriate clients is Bristol-based Stock Beech which offers discretionary investment management on portfolios of £20,000 and upwards.

Nicholas Hutchen, SB's head of private clients, says the essentials of investment management, namely spread of risk and the need to establish a client's requirement for income versus capital growth, are the same in Bordeaux as they are in Bristol.

But does a provincial stock-

broking firm have the investment expertise to deliver its promises to private investors? Mr Hutchen says that SB plugs in to research from leading investment houses, such as Barclays de Zoete Wedd, and then constructs its own master portfolio which acts as a benchmark for individual portfolios.

For expatriate investors looking just for a share dealing service, banks and some building societies provide facilities. National Westminster offers a telephone share buying and selling service called BrokerLine which is available to expatriates through NatWest's Channel Islands and Gibraltar offices.

Barclays has recently extended its share dealing service to expatriates. Gavin Oldham, chief executive of Barclayshare, Barclay's private stockbroking arm, claims his service is particularly suitable for expatriates, not only for share dealing but also because of portfolio administration which includes collecting dividends, crediting scrip issues, and implementing clients' decisions.

Barclayshare offers the option of a UK power of attorney - usually a relative or close friend of the client who can make day-to-day decisions on the client's behalf. The basic expatriate subscription cost is £25 per half year. This is reduced to £10 per half year for clients granting a power of attorney in the UK.

Peter Gartland is editor of The International, the FT's magazine for expatriates.



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❑ Complete the coupon for the Annual Report containing more details.

❑ Of course, the past is no guide to the future and shares can go down as well as up, but you might like to know that even over the past five years to 30.9.88, including the October crash, the Trust still rose 132%.

❑ The kind of return you might find handy.



For a copy of the Annual Report, more information and application forms for the Private Investor Plan, send this coupon to: Eleanor Brett, Foreign & Colonial Management Limited, 1 Laurence Pountney Hill, London EC4R 0BA. Or telephone (01) 623 4680.

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FT/29/10/88

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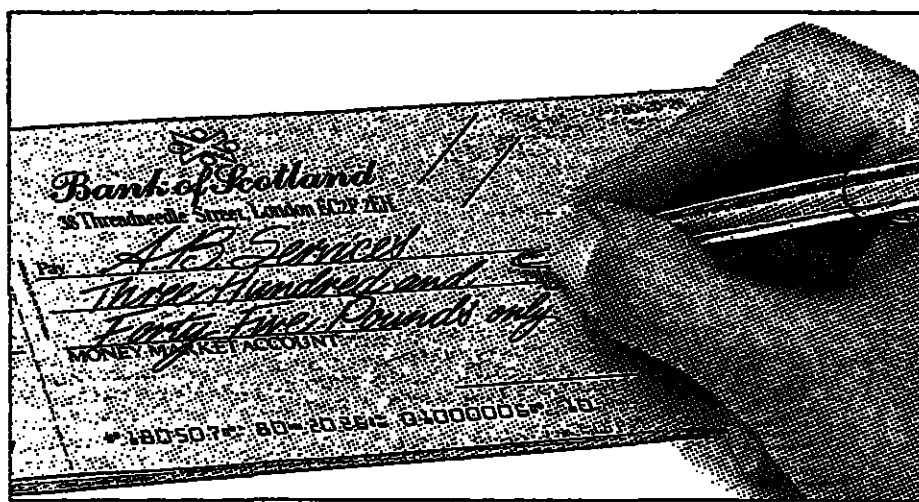
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A FRIEND FOR LIFE

Threats from showbiz agent

My 21-year-old daughter is doing cabaret work at a holiday resort in Japan. She went there with a small troupe of British girls, having been persuaded to sign a rather disadvantageous contract with X Productions. This is run by a foreign married couple who organized the show and flew the girls out there with them for five months. X Productions itself has a separate and far more profitable contract with the Japanese hotel-owners.

Like the rest of the dancers, my daughter was recruited by answering an advertisement placed by an agency in a nationally-known show-business newspaper. She had never been on the agency's books, nor was there any mention of agent's commission when she was selected at the audition. She did not sign any contract beyond completing a form with her particulars for the purposes of the job in question.

Some time after the girls left, I received a telephone call from my daughter's agent (as it now introduced itself) asking for their address in Japan. The agent had not been told that the troupe had completed its rehearsals and left with Mr & Mrs X (Productions). All the parents then received a circular letter from the agency listing all the work it had done "for the girls" such as meeting with Japanese agents, photocalls, sending personal details to Japan for their visas, etc.

The letter threatened legal action against me and X Productions in respect of the agency's 10 per cent commission. It also threatened to blacklist my daughter and the other girls with all the production companies for which it acted as agent. These threats were repeated in a further, quite aggressive, telephone call to me. I replied that the agency did not represent my daughter and had been commissioned by X Productions solely. It did not have any right to try to recover the losses from the girls or to try to intimidate their parents.

Influenced to some extent by a recent letter in your column, I believe the agency's claims from the performers to be spurious. Am I right?

The so-called agent appears

Q&A

BRIEFCASE

The legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

to be attempting to obtain money without any proper legal basis and by means which are far from proper - if, indeed, they are not more sinister. You would do well to enquire of Equity whether the authors of these bullying tactics are known to the union, and what advice it can offer. If this draws a blank, you would be wise to consult a solicitor, preferably before the spurious agent makes its next move.

Sue your architect

Four years ago, I was transferred abroad for two years. In my absence, I arranged for a two-storey extension to my house. I commissioned an architect to prepare drawings and specifications; obtain planning and building regulation approvals; obtain competitive tenders; negotiate a contract; carry out periodic inspections during the progress of the works and negotiate the final account.

The architect accepted the work, completed the final certificate and the account was paid. Two years later (one year ago), we discovered the first floor was beginning to sag. We noticed gaps - now 24mm - between skirting boards and the floor, and the doors in the upstairs extension became progressively more difficult to close.

We recalled the architect, who agreed that something was wrong but stated that there was nothing to worry about as the floor would not collapse. We then asked a surveyor to inspect and report. He discovered the floor joists were 68mm x 190mm, whereas the architect's drawings stipu-

lated 68mm x 225mm. Building regulations show 68mm x 225mm to be appropriate for the 4.78m span.

The surveyor concluded that the joists were inadequate, the floor was not constructed in accordance with the drawings and, in any case, does not comply with building regulations. He recommends that the entire first floor be removed and rebuilt.

The architect agrees that perhaps he should have noticed it. However, he denies he is liable and suggests I have a case against the builder.

It looks as if you could indeed have a case against the architect and it might be that your better course is to sue him, leaving him to join the builder as a third party if he so wishes. You should consult a solicitor without delay.

Share, but take care

As a single person, I share my house with someone from the same church. Although we live independent lives and rarely eat together, he has the run of the house and his own bedroom. He pays a rent which more than covers his share of the costs of running the house, although it is below the market rate.

In the event of my selling the house, would I lose my exemption to capital gains tax on the basis of having this "friend" to stay? If so, what can I do to maintain the exemption to CGT?

By letting part of the property at a rent, you incur the risk of a charge to capital gains tax on a proportion of the value of the property. You should ensure that there is only a sharing arrangement, with the financial contribution from your friend being directed to payment of a proportion of outgoings.

Doubt over legal fees

In July 1987, I instructed a well-known legal firm, which specialises in such matters, to conduct a Spanish house conveyance for me at an agreed total UK cost, but with additional costs in Spain (I am a British expatriate). Shortly after this I was, for personal reasons, obliged to halt proceedings and told the solicitors immediately. I received a bill

for "action taken and advice given," and representing costs of both British and Spanish solicitors.

Although I have not disclaimed any responsibility for any relevant work done prior to cancellation (some general information was given, but no professional advice was ever given), I have several times requested specific details of the rates now charged and actual work carried out. All I have received to date is a rather patronising "clarification" of my alleged liabilities; a general review of actions taken (but not specific in terms of time spent); references to the Solicitors' Remuneration Order 1972 in respect of "fair and reasonable" terms and, most recently, a final demand with the threat of county court action.

What is my position? You are entitled to require your solicitors to provide you with a fully itemised bill of costs setting out details of the work done; and you also are entitled to be told of the basis of the calculation (Solicitors' Professional Conduct manual, paragraph 8.04). You can ask the Law Society for a remuneration certificate if you are still dissatisfied with the bill (Solicitors' Remuneration Order 1972, Article 3).

Finding the figures

I understand that the Inland Revenue issues a press release each month updating the figures relating to capital gains tax. I wonder if you print this and, if so, on any particular day?

The retail price indices are (nearly always) published in the FT on a Saturday around the middle of each month the morning after their release by the Department of Employment. The charts issued each month by the Inland Revenue are of limited practical value (and cannot be used for sales of shares etc. acquired after the end of 1981-82). However, you will find cumulative charts (not over quite up-to-date, of course) in a local reference library (in, for example, article C2.206 - and the service sheets - in volume C of Simon's Taxes). This work is supplemented monthly, so the latest (October) supplement takes the RPI charts up to August (the RPI for which was released in the middle of September).

WHY BE INVESTMENT TRUSTS HAS ITS REASONS

Reading the Fleming Investment Trusts Savings Plan brochure can seriously damage your conversation.

After all, the fact that the average Fleming Investment Trust has far out-performed the average Building Society higher rate account over the past 7 years is hardly sparkling repartee.

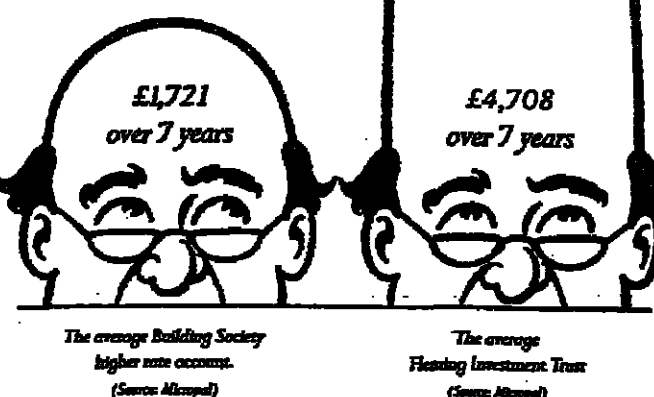
(Even if the difference on a £1,000 investment with net income reinvested over 7 years was £2,987.)

And explaining that Investment Trusts sell at a discount, so their assets are worth more than the price of their shares on the stockmarket, is not really going to help dinner parties go with a bang.

THE FIGUREHEAD CHART

The figures show what an investment of £1,000 would have become worth, with net income reinvested, over the 7 years to 1st October, 1988.

(Note: Past performance is not necessarily a guide to the future. Prices can go down as well as up.)



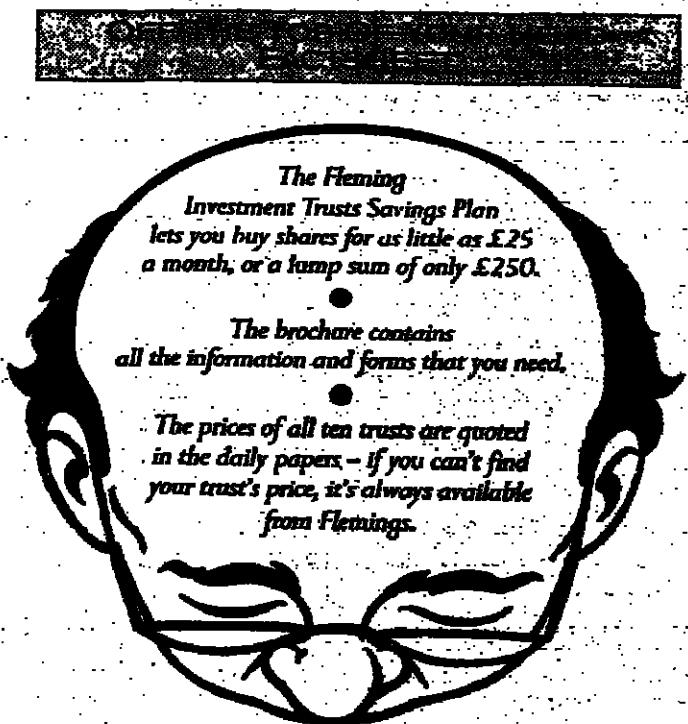
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FLEMINGS INVESTMENT TRUSTS

FINANCE & THE FAMILY

Heather Farmbrough finds a regional concern in which sharing know-how makes sense

A better deal from a co-op

TWO YEARS ago, a new concept in regional stockbroking was born: a kind of financial co-operative, consisting of regional offices sharing administrative systems and research, backed by outside financial institutions.

There are now two networks of regional brokers operating in such a way. One, the National Investment Group, was formed from seven provincial stockbroking firms (see table) in England and Wales in September 1986. This was the idea of Robin Woodhead, chairman and chief executive, a former lawyer and chairman of the International Petroleum Exchange, and to Somerset Gibbs, a former senior partner of Capel-Cure Myers at the end of 1985.

The rationale was that private clients were being left out as the Big Bang was focusing on institutional clients, explains Woodhead. Equally pressing was the need to find extra capital for the smaller provincial brokers to enable them to compete in the restructuring securities business not



Provincial brokers

NIG more of a presence in London, as well as bringing in £200m of funds under discretionary management, although the majority of NIG's 120,000 clients are advisory.

The idea may have been born of necessity for the brokers concerned, but it does mean that clients are offered more than a small, independent regional office would normally be able to provide.

For instance, had each of the eight firms remained independent, they could not have offered an extensive research service. NIG can afford to buy both written and topic screen research from County NatWest and Barclays de Zoete Wedd. NIG also attends the morning meeting at Smith New Court in London. The theory is that the private client has immediate access to the same information as an institutional client in London.

NIG firms also deal collectively in large blocks of shares. "After each privatisation, we have been big sellers, so the market makers have come to us and we have been able to deal collectively," says Woodhead. "The benefits to the client are better prices and access to large share placings they would not otherwise see." NIG firms account for around 4 per cent of total stock exchange agency turnover, although this slipped immediately after the crash.

Another advantage is that by centralising settlement operations and concentrating them in three regional offices rather than nine, the administrative burden on each office has almost disappeared.

The result, says Woodhead, is that "brokers need only service the client, rather than spending time on administration." As each office is responsible for its own profitability,

there is an incentive to justify their individual existence within the parent organisation. NIG charges a similar rate of commission to most regional private client brokers; the pre-Big Bang rate of 1.85 per cent for the first £2,000.

By centralising the administrative systems and investing in better technology, NIG has done its best to keep costs down - the best guarantee of future survival. Nevertheless, setting up NIG has not been a cheap exercise, with 20 per cent of the firms' costs set aside last year for development.

Stockbroking is very much an individual business seeking to establish a good relationship with the investor. But one of NIG's greatest advantages is that it should be immune from the culture clashes which have upset those firms taken over by outside capital partners.

When the client pops into his local stockbroker the outside world may have changed considerably, but the face behind the desk is at least likely to be the same.

IT IS now two years since the Big Bang was supposed to bring increased competition to the London Stock Exchange and a better deal for investors, and one year since the crash supposedly brought reality back to the markets. Both events have affected significantly my 1988 share dealings as a private investor.

I still use the same two firms of stockbrokers as I did before the Big Bang. Fortunately, neither "dumped" their private clients in favour of institutional investors, as happened with some other firms.

Both brokers charged 1.85 per cent commission pre-Big Bang. One still charges that rate, but the other now charges 1.5 per cent for its dealing advisory service and 1.85 per cent for the dealing-only service. Both firms have increased their minimum commission rates from £10 to £12 in 1985 to a minimum of £25 now.

On large deals, however, their commission rates have been reduced sharply. One broker, for his dealing-only service, now charges just 0.5 per cent on deals worth £7,000 to £20,000; 0.3 per cent (£20,000 to £50,000); and 0.2 per cent on deals over £50,000. Thus, overall, the commission I pay is probably slightly less today than it was pre-Big Bang.

I suppose it would be possible to "shop around" for cheaper brokers. But both firms have become aware of my investment idiosyncrasies and I like to think that we have a good relationship. Another reason for staying with them is that I am reasonably

The lure of cold cash

DIARY OF A PRIVATE INVESTOR



Big Bang there might have been perhaps five market-makers in a particular small company share, quoting spreads of 3.5 per cent, today there might be only two market-makers with spreads of 5.5 per cent and sometimes more.

This hardly encourages the average private investor to back British industry by investing in the progress of small companies.

Pre-crash, I used to enjoy buying and selling "penny" shares and making good profits for example, buying shares in Platinum in 1986 at 8p and selling them in July 1987 for 24.5p each. "Tip sheets," rumours, good results and speculative activity would be enough to make share prices rocket. Now, however, it is much harder to make dramatic profits within a short time. In early June this year, I bought shares in Equity and General for 37p each and shares in Corporate Estates for 67p each. What happened?

Corporate Estates announced pre-tax profits for the first six months of 1988 up from £333,000 to £1.18m - but the share price is now less than my purchase price. Equity and General was described in a Sunday newspaper this month as "still cheap" - yet, the share price is still around 37p. In the old days, their share prices might have risen 10p or so and I could have taken some profits while retaining a reduced shareholding.

Now, takeover rumours seem to focus on large companies, with City institutions

lending huge sums of money to already debt-laden companies to enable them to launch further takeover bids. If they were using their own money would they still lend to someone already heavily in debt? I am sure some of this lending - particularly in the US and Australia - will end in tears.

Management buy-outs seem to have increased dramatically in number and size. The poor private investor might have held shares in the company for years, hoping for a takeover bid or institutional action to improve management performance. Instead, in some cases, part of the company has been "sold out" to its management on terms that have allowed funding institutions to make good profits, while private investors effectively have been denied an opportunity to directly invest and participate in the profits of these buy-outs. I think this is rather unfair.

Add the increase in CGT in the last Budget from 30 per cent to 40 per cent for many people, and it is little wonder that private investors such as myself are finding a cash pile earning ever-increasing rates of interest more alluring than British and US shares. Only in markets such as Hong Kong - which I still find attractive - does it appear that a private investor can still (without too much effort but greater risk) make some quick, speculative profits from low-priced shares.

Kevin Goldstein-Jackson

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34th ISSUE RE-INVESTMENT LIMIT DOUBLED TO £10,000

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The benefits of re-investment

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Houses

& GARDENING

Buyers benefit from Docklands slowdown

John Brennan explains why the steam has gone out of the real estate gold rush in east London

THERE IS NO need to rush in the London Docklands these days. You'll find no queues at the residential sales offices. Young agents who have known nothing other than a buyers' vetting and rationing system seem unnerved by the quiet.

Clearly, people have been frightened away by the assumption that Docklands, having been cited constantly as the area with the fastest-rising residential property prices over the past few years, will be the first to tumble in value as the slowdown in sales activity coincides with the completion of so many developments. This sounds plausible but it ignores the facts.

Land values powered the price rises of the early 1980s. Sites valued previously as semi-derelict industrial space shot up in value from a few hundred thousand to several million pounds an acre once Docklands was re-zoned as central London commercial or residential development space. Once that value adjustment was completed, inevitably the gradient of price rises flattened out. That happened in the mid-1980s but, by that time, the pioneers' profits had attracted a developers' version of a gold rush.

Some of the land transfers in the past two years leant heavily upon hope value as developers competed for the remaining prime sites. As a result, a significant number of the latest developments have been designed to pack as many high-specification flats onto a given area as possible to justify site costs rather than to meet any reasonable forecast of the likely sales demand. What we have, therefore, is an unbalanced supply of properties. There are too few affordable houses and too many ill-sited, high-specification and high-cost flats.

Quality river-view apartments - the properties that normally are associated with Docklands homes - form a quite distinct element of this

market. Sales of these properties are as slow as anywhere in central London at the moment but only the most cash-strapped developers are succumbing to bargain-hunters' offers. The same applies to developments with family housing. There, values are underpinned by the shortage of modern homes in the capital as a whole.

The cramped, off-river "luxury" flats built as a way of justifying competitive site values are quite another matter. Their asking prices have been built on the froth of the earlier wave of land price adjustments. It is in those blocks that you find the sales staff scanning the job adverts and admitting privately that they know most of the people who come to view these days are not buyers but are just comparing their flats with those offering much better value that are becoming available by the river.

As for Docklands as a location, there's a classic business school adage for most things. Few fit the situation in east London better than the one that goes: "Every project appears to be a failure in the middle." Clearly, Docklands is now "in the middle." It rests uncomfortably in that danger zone where the reaction to initial enthusiasm starts to set in.

The problems side of that equation is easy enough to read off. Even its enthusiasts accept that Docklands is a traffic-saturated building site. Roads designed for horses and carts (and, since each dock tended to have its own specialised type of cargo, which never were intended to provide inter-dock communications on land) are now jammed regularly with the transport of the most concentrated construction site in Europe. It remains pioneering country for overspill office-users from the City.

Professional firms remain nervous about straying too far from their client corporations. For years, they have listened politely to the developers'

rate-free, low-rent, better-buildings arguments. Now, they can justify their caution by pointing to the impending oversupply of modern offices in the City and immediate City-fringe areas as developments catch up with (and look set to overtake) known demand before the 1990s are out.

In residential Docklands the problem of an imbalance of property types has been aggravated by the supply of comparable new residential developments in west London. Docklands no longer has a monopoly on newly-built or refurbished Thames-side flats. And in any east-west competition between similar modern flats and riverside schemes, the existing infrastructure of shops and entertainments, transport networks and schools weighs in favour of the west.



PRESIDENT'S Quay (above) is a development that might never have happened. When the Royal Navy Reserves' London Division moved to St Katharine's Way, ECI, there were no specific plans to build above its new headquarters.

The recent decision to award the 21st redevelopment of the 240-acre British Gas site along the Greenwich peninsula to British Urban Development's consortium of 11 construction and property companies does complete one side of the Docklands' jigsaw; the scheme is for 4,000 homes plus a mixture of commercial building and hotels. But after the on-off drama of Canary Wharf - with Were Travelstead's energetic campaign to build an entire 23bn City-in-exile on the Isle of Dogs being picked up finally by Canadian developer Olympia & York - the next great development area east to the Royal Dock now appears to be hesitating in sections back towards the drawing board.

The contrast between the hectic style of the London Docklands Development Corporation under former chief executive Reg Ward, and its more measured tread today, is reflected in the reputed indifference shown to an idea to spark life back into the Royal Dock from Martin Burney's London Land. Burney, the flamboyant former king of the Docklands property dealers, does know the area better than most. But he has had to appeal to Trade and Industry Minister Lord Young to try to get the chance to turn his idea for a European Trade Centre in the Royals into a consortium-backed plan. When ideas no longer are even considered, there's a real cause for concern about whether the future will live up to the potential.

All these middle-phase problems are obvious immediately. Many, however, are based upon misconceptions, the biggest of which is to view Docklands as a single entity. East from the City on the north side of the river, stretches of Wapping and Limehouse already are established residential areas, and the completion of the 217m speciality shopping centre at Tobacco Dock will add a triple-sized Covent Garden to provide a focus for the area. The Isle of Dogs contains the bulk of the 5m sq feet of commercial space built already in the LDDC's territory, with Canary Wharf to come.

Whether the Royals will prove to be a dock too far for the high-fashion, high-cost housing remains to be seen. But once-humble Beckton is acquiring a Milton Keynes mix of modern family housing and the landscaped former industrial wastes.

South from Tower Bridge, the high-density development of Shad Thames includes some of the best riverside views (as well as some of the most improbably high-priced off-river new flat blocks). Rotherhithe's existing community of homes is benefiting from the investment in site clearance, urban redevelopment schemes, and from the southern pull of the new developments in the Surrey Docks.

Transport is being tackled on land with a road rebuilding programme that would be regarded as spectacular in, say, the even more traffic-clogged streets of Fulham, but which gets dismissed as piecemeal and insufficient against the expected scale of Dockland activity. The Docklands Light Railway has suffered its share of Legoland jokes as a try version of the major rapid transit system clearly needed for an area that could have, on agent Jones Lang Wootton's calculations, as much as a fifth of the present stock of central London offices by the century's end. But it's a start.

On the river, Thames Line's waterjet catamaran service suffers from a similar belief gap and from the shortage of suitable landing piers. But at a top speed of 25 miles an hour through London's only surface free of traffic jams, it is only a matter of time before Londoners acquire the Venetian logic of water buses.

All of which leaves that sticky question of timing. Do the isolated cases of deep-discounted prices and agents' and developers' special offers mark the start of a desperate price war? On balance, the answer has to be no. Most of the cash-strapped developers who might have been forced into forced sales have either been bought out of their schemes or have managed to re-finance them. Individual distress sales are rare, since it is only as a last resort that anyone will realise a paper loss if they believe the prices will firm once the neighbourhood's construction work is nearer completion.

That said, there is now plenty of time to make a choice - and there is sufficient difference between the standards of quality and the value for money in different developments within each distinct Docklands market to take full advantage of this middle phase.

Cop this now!

THE TAXI driver looked confused. Eyston Street, SW2, wasn't part of cabbies' Chelsea before now. Behind Sir Terence Conran's little stretch of the Brompton Road, where the Conran shop flowered into the Art Deco Blandford building and on down Sloane Avenue, the expensive blocks of flats blur into the cheap.

Only the municipal architect could have been excused for retaining any fondness for Eyston Street's former police flats block after 50 years of wear and tear. So, the cabs whisked by without a second glance. It took an embarrassed search of the A to Z to find the block, but the transformation of the "old police block" into Crown Lodge (pictured), with 130 flats priced from £175,000 to £235,000, ensures that it will be noticed now.

David Goldstone, of Regalian Properties, is rather pleased with his latest renovation, and a walk through the central porter's lodge explains why. Security starts there, since it's the only entrance. A car park, packed into one of the most heavily yellow-lined areas of central London, is only part of the subterranean gain.

Regalian has made room for such essentials as a residents' swimming pool, gymnasium and sauna in this "lifestyle" development. While the car park's £25,000 a time spaces will call for bumper-to-bumper cosiness, the pool and leisure space is unusually generous.

The courtyard space has become a part-covered water garden. Regalian is building what must be Chelsea's only waterfall, landscaped behind security glass "walls" which sound awful but which are not. It's the same for the fire escapes.



A luxury apartment block with half a dozen spiral towers of outside fire escapes? The sheer architectural nerve of these great glass spirals carries them off. Far from trying to mask the stairs, Regalian has brought them into its courtyard garden, turning a potential eyesore into multi-storey conservatories by day and outdoor light wells at night.

Apart from newly-built, split-level, 1,300 sq ft penthouses, there are roof-top lights and terraces. Everything you could fit has been fitted. Designer Mary Fox Linton's show flat wouldn't be to everyone's taste, but the underlying decoration and fittings make the most of the mainly two-bedroom apartments. The standard is pulling in buyers in the first phase of the scheme at between £280 and a little over £400 a sq ft for 125-year leases.

In an area with a disproportionate number of stylishly priced (and slow-selling) flat block refurbishments, Crown Lodge (tel. 01-589-9045) reflects the degree of extra design thought and development expense needed to lift a scheme sufficiently to make viewers reach for their cheque books.

J.B.

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Joint Agents: Bryan Bishop and Partners, Welwyn. Tel: (043871) 8877.
Savills, London. Tel: 01-499 8644. Contact: Henry Pryor.



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Savills, London. Tel: 01-499 8644.
Savills, Henley on Thames. Tel: (0491) 579990. Contact: John Harris or Nicholas Brown.



HERTFORDSHIRE - Bedfordshire Borders

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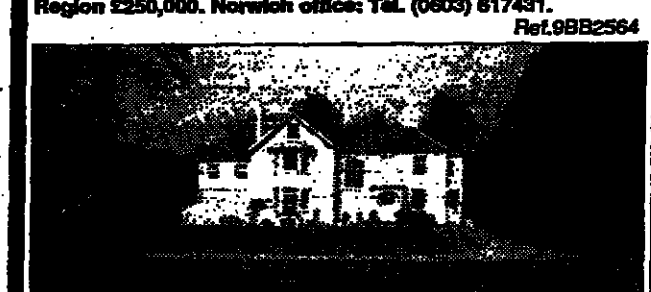
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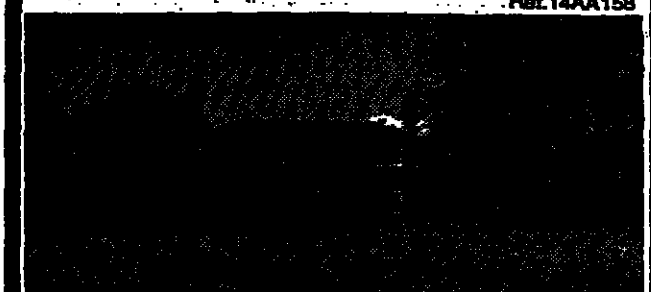
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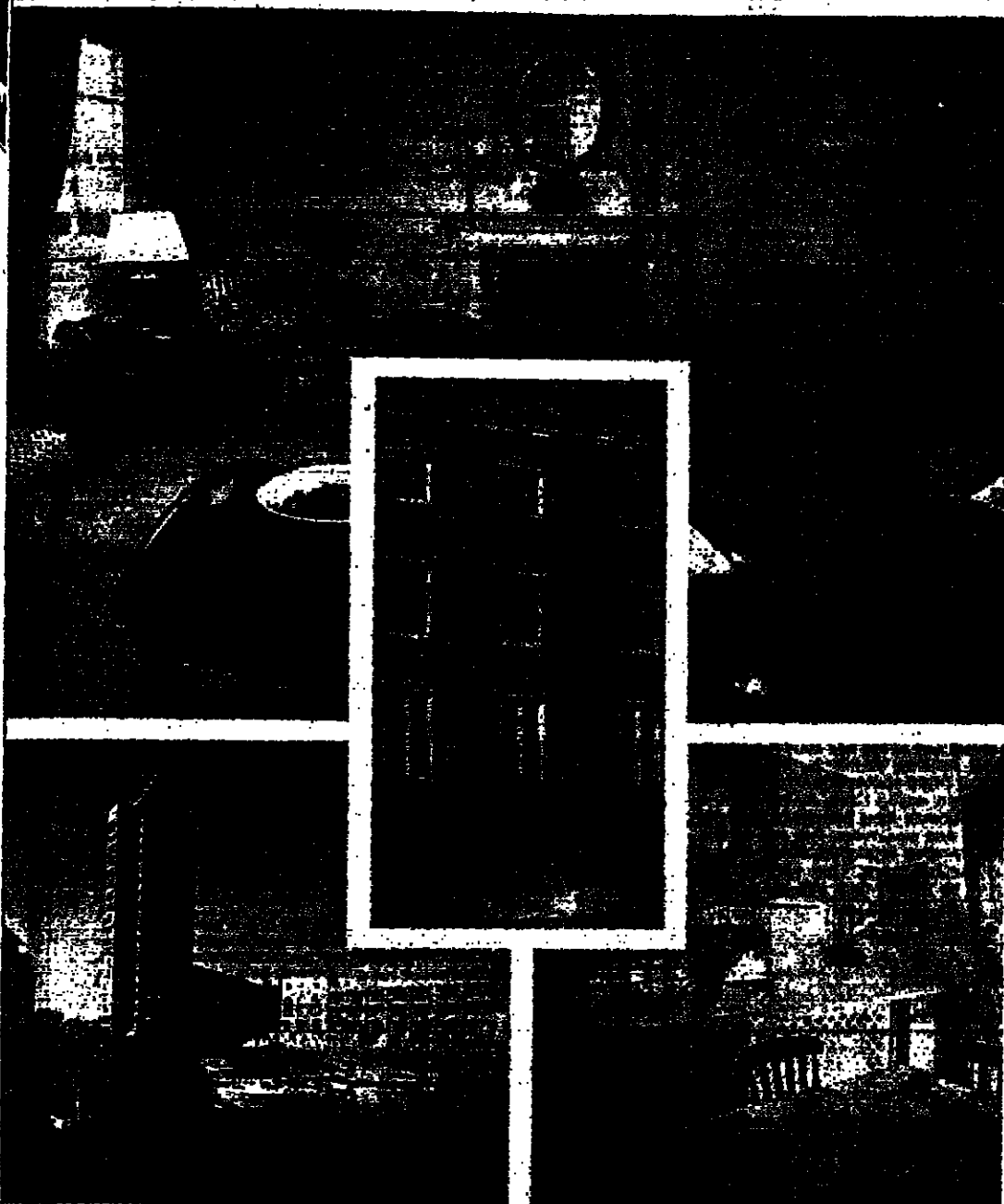
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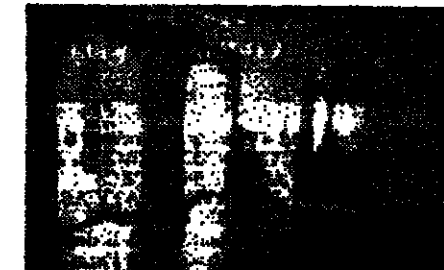
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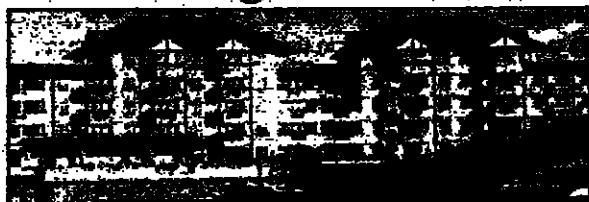
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GARDENING

A prodger's guide for nature's plodders

Robin Lane Fox discovers a book full of possibilities for overcoming the blight of bad design

TRIAL and error is rooted in gardening as firmly as blundered or dandelions. Nobody minds too much if they experiment with a plant which turns out to be dull: it loses time, but makes way for a second experiment. Bad design is another matter. It takes as much courage as money to unravel it and it makes us hesitate to try again.

Like me, you probably need to be prodded into further experiments after a first flurry of plans. Somewhere in the garden we are all clinging to, telling ourselves that the best answer will become clear in time. Usually, it does not, because we end up by adjusting to something second-rate because it is familiar.

I am not sure if Diana Saville keeps a tool called a prodger in her shed but she has just written a book that prods gardeners into seeing new possibilities; her *Gardens for Small*

Country Houses is out this weekend at £14.95 from Viking.

She is an emigrant from London to Herefordshire who looks after bees, rare sheep, various ducks and a newly-built length of garden walling. She has looked critically at dozens of gardens, from magnolia tunnels in Cornwall to drifts of blue ceanothus in Brittany. She does not always go into enough detail, but it is fun to learn from her observations and experiments and to argue with her taste.

Like many of us, she likes white cistus and tree peonies. Unlike most of us, she loves swans. The blacker the better, because she pines for "the feel of their deep soft breast-feathers, the slap of their feet on the stairs of the house, their exact charge at visiting herons in the water."

Myself, I would run for cover if I ever heard them padding into the front hall. Black swans are prone to alarming

aggression, the black-shirted tyrants of pond life.

The small country house of her title would cost not less than £250,000 nowadays, but she sees herself as the heir of those old books by Lutyens and Miss Jekyll for properties of "modest size." However, ideas for bigger gardens can always be scaled down for smaller ones and her book is not only useful for the very fortunate.

She knows that roses are better on arches than on pergolas, that the best type of clematis montana is *Picotee* Pink, and that the roses on a set of steps are as important visually as the tread. She has built a big wall, a conservatory and a terrace and has stocked a duck pond, so she knows the likely mistakes.

What I most like is her attitude to garden features. On trees, she quotes the director-general of gardens in Bavaria who found England's gardens



in the 1830s a "real chaos of unconnected beauties." We are busy adding to the chaos and giving too little thought to the connections. White-painted seats and trellises dominated the spaces between conservatories, pergolas and reconstructed stone urns.

She sums it up as the "enthusiastic misuse of garden features." They cannot simply be borrowed from other people's gardens and applied to

one's own, as if from a pattern book. It is a joy to find an ally in the war against painting every bit of furniture or trellis white.

I agree entirely that pergolas usually are imported out of envy and therefore misplaced. They ought to start and finish at points of importance. They should run down an obvious walkway and never be too narrow.

As for sculpture, she has an admirable suspicion of it, except in an evergreen room of tall hedges. She quotes Michael Crowther, one of the famous statue-makers: "People are spending more on their garden. Antique pieces are from Egypt, Asia, the limit."

"The limit," she thinks, ought to be the style and setting of the poor old garden. She suggests one new idea and one caution which I find particularly poignant. Like me, she likes gravel gardens where plants seem to have sown

themselves in a weed expanse of gravel. How to keep out weeds? First, clear the area, with hand tools, before planting a thick carpet of black polythene below the gravel's surface, order to block out deep-seated weeds. She explains why polythene ought to be laid

Then, she surfaces it with 2in of gravel. She then by cutting holes into the polythene for each plant, leaving the rest of the surface black out those awful ones and thistles.

The word of caution is a put. If you build a gravel pool, patio or lawn like this, black or dark green, speaking any time, if you want to blend with your garden, she is only too right: those of us who have to blue pool, and watched it, dark green or black, have really lived up to her advice.

Beech belles with the right shape

Arthur Hellyer on 'foreign' trees that enhance Britain's landscape

THE NAME "southern beech" remains unfamiliar to most gardeners although those with even a moderately special interest in trees will recognise it at once and probably respond with the botanical name *nothofagus* - perhaps adding those of the species planted most often such as *antarctica*, *obliqua* and *procera*.

Southern beeches have been grown in Britain for a long time and there are plenty of trees of 80ft or more scattered around the country. Several kinds have the merit of growing very fast while looking so much like native trees that they would be unlikely to be recognised as foreign unless this was pointed out.

They are, in fact, the representatives in the southern hemisphere of the beech family, and there are more species of *nothofagus* than there are of the northern hemisphere *fagus*. Unlike UK beeches, these southern kinds include evergreen as well as deciduous trees. But, as you would expect, it is some of the latter that have proved most hardy

and, to date, have been planted most widely.

N. procera has even been considered as a timber tree (the purpose for which it is valued in the Chilean forests in which it is native) although the timber of *obliqua*, which rivals oak for durability, might be even more desirable.

I planted a young *N. procera* as one of my replacements after the great storm last autumn. It established itself quickly and is building up into a very shapely little sapling. In five years, I would expect it to be 20ft and still growing fast.

The deeply-veined leaves look much like those of hornbeams, while the stems set to the main trunk a head of branches. *N. obliqua* grows at just about the same rate and also makes an excellent head of branches with the rounded outline that looks right in the British landscape.

The third southern beech that is becoming fairly easy to buy is *N. antarctica*. This could not be mistaken for either a beech or a hornbeam at a first glance: its leaves are much too

small and dark and its branch pattern too horizontal, but sometimes curiously-twisted.

You know instinctively before anyone has mentioned its name, or explained that it grows wild right down in the south of South America, that this is a foreigner. Most gardeners would find it an agreeable one.

It grows quite quickly for the first few years and then slows down; no-one seems to have recorded a tree much over 50ft, even after 100 years. That makes it particularly attractive to owners of small to medium gardens.

Of the evergreen southern beeches, *N. dombeyi* is the only one likely to be available at all readily. Certainly, Hilliers of Winchester has it and so does the excellent Spencers Nursery at Bodre, Lymington, Hampshire, the source of so many rare and beautiful plants.

N. dombeyi makes a big tree that becomes broad with age. Its leaves are small: dark green and shining above, pale green below. It thrives best in the south and west of England and

Wales, particularly near the coast, but there are good trees at Kew and one of nearly 80ft has been recorded in Buckinghamshire.

Southern beeches have one limiting feature: none of them will thrive in markedly alkaline soil. It need not be very acid but, for complete success, it does need to be slightly so or, at worst, no more than neutral. Otherwise, *nothofagus* does not appear to be fussy about soils.

All the species grow readily from seed and *N. obliqua* sometimes spreads by self-sown seedlings. Cuttings and layers also provide means of increase, and the nursery industry should have no difficulty in meeting any demand that might arise. At the moment, a dozen or so nurseries offer *antarctica*, *obliqua* and *procera*.

My plant of *procera* was bought in the Wisley Garden Centre, and certainly there are enough plants available wholesale to make it possible for any nursery or garden centre to offer them retail if they wish to do so.



A southern beech in London's New Gardens

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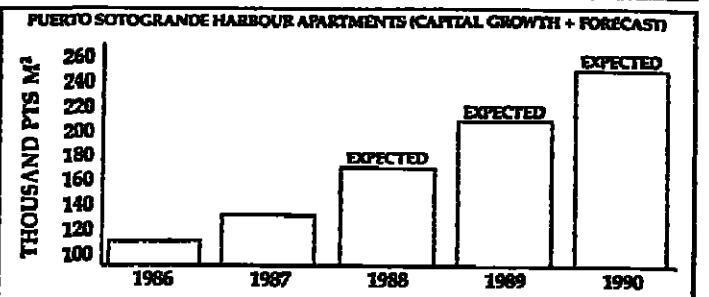
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TRAVEL

The garden of India: too lovely for its own good

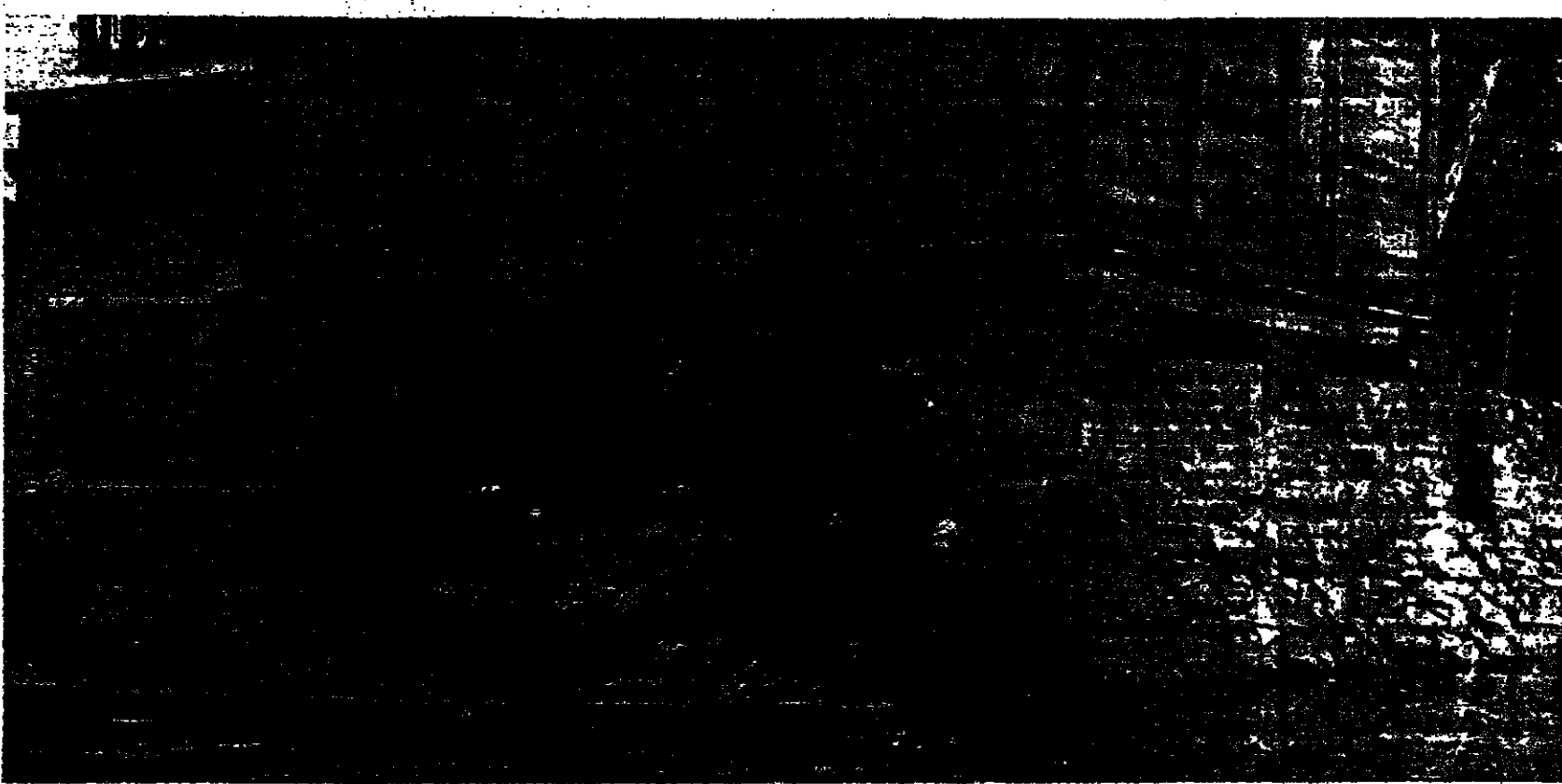
Paul Abrahams takes to the water in Kashmir, where mass tourism threatens the fragile balance of lakeside life

THE CARCASS of a cow floated past. Astride it sat a dog, knowing full well from where its next meal was coming. The stench was wretched. These lakes, canals and rivers are the life-blood of Kashmir's valleys. They provide drinking water for the poor and irrigation for the rice harvest. Along their banks sit women dressed in long white saris and blue patterned dresses, crouching while they wash bodies, clothes and vegetables. The water they use comes from the same rivers that serve as sewers and cesspools for the population of Srinagar, the country's capital.

Although it has its darker side, Kashmir remains a place of beauty, one that has attracted visitors since the time of the Moghuls. The numerous palaces and formal gardens — with names like Parimahal (the Abode of Fairies) — bear testimony to Kashmir's popularity in bygone times.

The trouble is that, in the modern era, it has become too popular. Its beauty is threatened by tourists in great numbers who are overwhelming it. The reasons for its popularity are clear. Various called the Venice of the East and the Garden of India, Kashmir sits at the foot of the Himalayas, a land of lakes and horseboats, temples and ruins, birds and wild flowers. But a boat journey along the lakes and rivers of Kashmir, through Srinagar, demonstrates not only its charm — as well as its less attractive side — but also the damage that mass tourism is doing to it.

Our journey began on Lake Nagin, where we boarded the boat we would use for our two-day voyage. These were shikaras, traditional craft similar to Oxford and Cambridge punts except for their water-proof awnings that provide both shade and protection from the rain. The craft was propelled by a thin, dark boatman



Lakeside life in Kashmir — but a vast influx of tourists and soil erosion of the surrounding valley threaten the water that is the region's lifeblood

who bailed every so often for a rest and a puff at a hookah bubbling with dark, evil-smelling tobacco that made him cough with each drag. From time to time the boatman would point out wildlife — particularly the birds, whose sheer numbers and powerful voices Kashmir is a spotter's delight. On the trees by the lake, there were scores of kingfishers flashing turquoise, high overhead, we saw eagles.

Suddenly, the birds scattered as the peaceful, rhythmic sleeping of paddles in water was disturbed by the distant roar of a giant, floating combine harvester. The boatman explained

that it was there to gather the weed covering the lake. Nagin lake, he said, unlike its neighbouring lake, Dal, had not suffered from weeds until recently, but now the waste from the 900-odd boats stationed around Srinagar provided perfect conditions for weed to grow. It was clogging the lakes and canals linking them, threatening both the lifestyle of the water-people who live by the river and the attraction of Kashmir itself.

Both the waterways and the people are threatened further by the falling water level. The boatmen in our flotilla chattered about which canals were no longer passable and pointed to the large, bare patches on the banks of the rivers where water used to flow.

The fall in the water level is caused both by encroachment and deforestation. The encroachment arises because the water people, who are not Kashmiris and whose origins are unknown, are forbidden to own land. In order to find land to grow food, they build floating islands in marginal areas which they construct with reeds and top with soil. Eventually, these floating islands attach themselves to the banks and become part of the land. The deforestation is more

serious. In the mountains, population growth has created greater demand for food and fuel. But the type of agriculture practised has left the hill-sides denuded of the trees and scrub that used to bind them. When the rains come, the rivers are brown with eroded soil — which is deposited in the river valleys and lakes. As the boatmen paddled on they warned of rumours that, in 70 years, the lakes will have been filled — and no longer exist.

As we approached Srinagar, the impact of mass tourism away from the lakes, on land, was also clear. Much of the charm of the city remains, however. Overhanging the houseboats moored along the river were three- and four-storey timber frame houses. They were built, or had come to rest, at skewed angles as if translated from Elizabethan London.

Next to them stood dilapidated palaces, some inhabited, others abandoned, tributes to grander ages. On the left bank were Hindu temples and, on the right, Moslem mosques. Stretching between the two sides were the seven bridges of Srinagar, some dating back centuries. One was charred black after being burnt during recent

troubles by competing factions on each side of the river.

As we climbed up to negotiate the lock at Dal Gate, the impact of Westernisation was clear. The calm of the river was replaced by the bustle of the city. Ancient cars of British design, not seen in Europe since the early 1960s, weaved along the roads, their drivers looking continuously as if without persistent noise, the vehicles would lose power and shudder to a halt.

While we waited for the shikaras to navigate the lock, we were confronted by a bewildering world of Campa-Cola, Kodachrome and craft shops with American Express stickers. Inside the stores were Kashmiris, renowned in India for their selling skills, ready to offer their wares.

The salesmen insisted on showing their papier-mâché boxes, covered with Moghul designs, local flowers and images of the turquoise and black kingfishers we had seen earlier. The boxes had come, we were assured, from the same factory that supplied Liberty's in London.

Afterwards, we were ushered next door where we saw carpets with dark and exotic designs that were claimed to be cheaper and better than any found in Harrods. And then, of course, we saw shops full of Kashmir wool: softer, warmer and, naturally, cheaper than anything to be found outside Srinagar.

Hurrying down to the waiting boats, we fled from the commercialism. As we headed away from the noise, the buildings petered out until we at last reached the countryside again. As night fell, we camped on a water meadow grazed by cows. We could have been in the Wye valley in England, except for the Himalayas in the distance and, in the river, a dead dog floating on its back.

Taking a flight into misery

WHATSOEVER you do this winter, don't fly Air Seychelles. If the Eurocrats and others who are trying to sort out the diabolical mess in the European travel and aviation markets require a case study in passenger suffering, they could do worse than contemplate the gruesome catalogue of delays that attended my flight (FT1701) to the Seychelles on October 14, 15 and 16.

It was the worst experience of my flying life. We took off 19½ hours late, which helped to balloon the total door-to-door travelling time from approximately 15 hours to 42½.

The trouble started when one of Air Seychelles' two B707 Super Qs (built in 1969) suffered a recurring problem with a cargo door. The airline tried to lease a substitute aircraft from ZAS Aviation, at Stansfeld, but, because of an "inter-company-related problem," was not permitted to fly to Gatwick where I and numerous other passengers were stuck.

Air Seychelles' aircraft broker had to find a second alternative plane and arranged to hire a DC-8 from Trans International Airways, a US airline. This was at Stansfeld but was not available until the following morning, so we were bussed to the Crest Hotel, Gatwick, for a few hours' fitful sleep before returning to the airport.

Because of poor weather and air traffic control delays, the DC-8 was late leaving Stansfeld. Then, it was stacked over Gatwick because of an emergency aboard another aircraft. At last we took off.

At Frankfurt, says Air Seychelles, a normal transit of about an hour was expected. Unfortunately, however, due to air traffic control computer failure, ATC delays to all aircraft were experienced.

Even more battered, we finally took off for Cairo where we were due to refuel. But there, life on board our DC-8 deteriorated even further. As Air Seychelles reports: "The captain of the aircraft had checked for which payment of the fuel . . . would be settled. The refuelling company did not accept this form of payment. When Air Seychelles was advised of this problem, the Air Seychelles agent . . . was then contacted."

"It was through the offices of this agent that eventually \$6,000 in cash was raised and lodged in the account of the refuelling company at the bank at the airport. Only on presentation to the refuelling company staff did refuelling actually commence. The aircraft sat for four hours after it landed. It must be noted that the series of events described above were beyond the control of Air Seychelles. The return flight using the same aircraft was uneventful."

That is all very well. But it transpires that the cargo door problem had had a disastrous impact on Air Seychelles' International flights over a three-week period, with 21 flights registering an average delay of eight hours and five minutes.

As a leading UK tour operator told the chairman of Air Seychelles in Mahé: "In addition to the delay (on October 14-15-16), your airline's appalling record of public relations expertise and in-flight service was so serious that, in future, I will have no choice but to recommend that our clients fly with British Airways."

In contrast, my return flight last Saturday, aboard one of Air Seychelles' own 707s, was efficient and enjoyable. We landed only 26 minutes late, which slashed the total door-to-door travelling time from 42½ hours to 15½.

In Mahé, I asked the airline's chairman why a tiny country like the Seychelles bothers to run an international airline and risk harming the islands' excellent potential for attracting even more tourists.

"We are a small, isolated group of islands," he said. "We learnt the hard way when in 1983 British Airways and Lufthansa withdrew their routes because of a mysterious attack on the Seychelles and the resultant slump in tourist arrivals."

He might have a point. But that is one airline whose services I will never use again.

Michael Thompson-Noel

Pushed to the limit — and beyond

Susannah Amore goes through the pain barrier in the mountain fastness of Bhutan

NIGHT comes early at the beginning of May, high in the mountains of Bhutan. At nearly 12,000ft, on the sixth and last night of the FT/Abercrombie & Kent Bhutan Skyline trek, the darkness quickly engulfed the steep hills up and down which 11 dedicated FT readers — nine men and two women — had laboured all day.

The darkness swallowed the forest of immense pine, tangled rhododendrons and soft, suffocating moss, concealed the swift river far below and quietened birds and animals. The trekking guides had pegged down our cluster of tents in a sudden meadow high up in the forest and out in the dark, beyond the camp site, we lay exhausted, surrounded by a great herd of warmly-breathing sleeping yaks.

The long night wore on. With the temperature plunging to well below freezing, I was far from peaceful in my little blue and yellow Bhutanese tourist tent. Lying right in a quilted sleeping bag, I was suffering from grinding stomach pains, the result of a relentless bug which had plagued me since the first day of our trek.

The sole distraction that endless night was to finish reading, with the help of three flickering night lights, my most treasured possession on the trek — a paperback copy of Jonathan Raban's *Coasting*, a marvellous semi-autobiographical account of the pleasures and struggles of his voyage around Britain's coastline.

At some point during the night, though, my neighbour, Richard Keeler, was alarmed by the sound (he said) of loud groans from my tent. As I thought I had kept my suffering pretty discreet, and as we discovered in the morning that a yak had given birth immediately outside Glen Conway's tent, I felt fairly sure that what he had heard had been my yak and I groaning together in sympathetic union.

It all began rather differently, indeed. We started out as a happy and optimistic party of 12. For this high-altitude mountain trek, A & K had flushed out — through the pages of the Weekend FT — a clutch of Swiss lawyers, a Barling Bank director, a Harris tweed manufacturer, an award-winning investor (Richard, who heard me groan), a delightful and intrepid housewife called Maura Phillips, a property developer and a Swiss gynaecologist, Didier Terracina (who admittedly slept through the yak's confinement). All were to be led by Michael Aris, fellow of Wolfson College, Oxford, who is a considerable authority on Bhutan and its people.

In his gentle voice, in his languages, after two days of cool, married comfort in the Oberoi Hotel in Delhi, we travelled by plane to Bagdogra and then by bus across the north India plains, through an endless green sea of clipped tea plantations and on into the secret and tiny kingdom of Bhutan.

Encircled by India, China and Nepal, Bhutan historically has been isolated by its vast protective range of mountains, rising to 24,000ft. Until the 1980s, this highly traditional Buddhist country, dominated by its monasteries (dzongs) and monks, was closed to all foreign visitors. But then, the young King Jigme Singye Wangchuk determined to let in a little light from the outside world, allowing up to 2,500 tourists each year.

It was as part of that number that we arrived in the green and beautiful terraced valley of Paro with our climbing boots, torches and Dextrosol tablets. To support us on our seven-day, 140km trek through semi-tropical forests to high mountain passes at 17,000ft, A & K had assembled five trekking guides, seven horsemen and 12 pack ponies to carry our soft bags.

That first day, we set off at an eager pace in warm sunshine. The centuries-old path, leading gradually uphill, held us close to the river where the water, spilling from mountain glaciers, was the thin, green colour of old glass. On the first evening, with five hours' trekking behind us and the tents pitched on

grassland studded with violets, we drifted to sleep to the gentle sound of our pack ponies' bells and the low roar of racing water.

Looking back, I realise that from the middle of that first night the trek had become an ever-increasing nightmare for me — mostly because of my sudden illness but also because the trek was more arduous physically than most of us had expected. Only the group of Swiss trekking friends and Glen, the amusing and ultra-fit property developer, were able to take it in their stride. Sadly two women from our group turned back after the first night, I optimistic of recovery and belonging to the FT, pulled on my centenary T-shirt and continued upwards through the forest.

I had planned to make notes in the evenings but soon found I was too exhausted and ill even to think of picking up a pen, so that the details of each of the remaining six days have become jumbled in my head. But I am left with an overwhelming impression of intolerably long and physically demanding days as we struggled on with constant jumps and aching legs, the ancient path threading its precipitous way to ever-higher altitudes and the bare tundra of the mountain passes.

We set off each morning around 8.00 after the others had eaten their breakfast of porridge and eggs, and were soon well strung out along the track. I would often stop to rest and peel off layers of steamy socks, plunging my feet into river water before trying to catch up. Michael Aris was unfailingly kind and

careful. He did not find it easy himself but he took enormous trouble to tell us of the history and culture of Bhutan, often pulling up short to describe a *dzong* perched impossibly on the edge of some precipice, or to translate what the occasional herdman we met was saying about his yaks, or perhaps about evidence of snow in the pass.

For miles, Trevor Silverside of Baring would kindly distract me with his enthusiastic talk of the millions of billions to be made in sterling or yen in the Japanese warrants market; and Jacques Wittmer, with his elegant moustache and checked trousers, might wait as I trudged painfully through thinning air to the top of some hill, and then tell me of his little house at the foot of Mont Blanc or his strange bamboo forest in France.

It soon became apparent to Michael that riding ponies were going to be essential — certainly for me and for Maura, as well as occasionally for others less splendidly mountain-fit than the Swiss. The ponies knew each stone on

the path. Each, though, liked to be leader and a sudden crafty expression, a flattening of ears and a dreadful bunching of muscles signalled that your animal was about to sprint past its companions, judging by millimetres the edge of a chasm or fast-flowing river.

Our nights became increasingly cold as we trekked towards the snow line. And those were the really lonely nights, the treeless ones. By now, I had reached a curious incident in *Coasting* when Jonathan Raban, ashore temporarily, describes how, when he woke screaming from a nightmare, his shouts soon were echoed in the quiet night by those from a nearby curtained window, as though a virus of nightmarish dreams could be invading the London suburb.

As everyone except Didier found it virtually impossible to sleep at all because of the cold and altitude, there was no question of such an interesting virus manifesting itself in Bhutan.

Until the seventh and last day, when it rained heavily, we were lucky with the weather. The day before we set out, snow had come to the Paro hotel that heavy snow had blocked the pass by which we were aiming. The treks scheduled to go ahead of and behind us both had been cancelled because of the unexpected snow. On tenterhooks throughout the early days of the trek, Michael was thankful to be told by a herdman as we tracked higher through shifting, suede-coloured shale, and past a distant herd of rare, wild, blue sheep, that the pass was now open again.

With the unflagging help of our guides and ponies, and summoning all the strength we were able to haul ourselves up and over the pass. We were followed by the 18 yaks now bearing our luggage. It was an extraordinary sight to look down on this seeming necklace of slowly-moving black beetles as they inched their way upwards round the side of the mountain below us.

Once safely in the forest again on the far side of the pass, we celebrated our success and endurance in the remote house of the local ex-headman of the area. Like most Bhutanese, his extended family of 14 lives together in two rooms. In the evenings, all gather for comfort and warmth and talk around the huge square fireplace set into the floor, seemingly oblivious to the choking wood smoke filling the room.

With streaming eyes, we fled rudely past into the smaller outer room, and were entertained by candlelight with ceremonial tea and hot, home-brewed beer. The old headman, sitting cross-legged on the floor, talked mostly of his consuming passion for his valuable herd of 200 yaks. He made it clear that his feelings were perfectly reciprocated by the animals.

They are intensely intelligent, nervous and highly strung, yet loving and trusting towards those herdsmen close to them. When one of their number breaks a leg on the steep slopes, or becomes fatally ill, they will gather together to worry and mourn and may become very emotional, for yaks can cry.

It was moving to watch the herdsmen at dawn caring for the 18 yaks hired to carry our luggage. They would wipe away the night frost that was outlining the huge, curving horns and that had formed on their wide, black faces. The herdsmen would then brush down the animals' backs before piling on layers of different coloured quilted pads to protect them from chafing.

On the seventh and final day of our trek, the yaks' endurance was severely tested as they plodded for nine hours in our wake, laden heavily, through violent thunderstorms and torrential rain. Michael and I, the last of our group, meanwhile plunged down paths filled with ankle-deep yellow water while the storm raged above.

Although the Swiss and Glen revelled in the conditions, the rest of us found the trek far stiffer than anything we had experienced before. But that, of course, led to a feeling of fellowship and to an almost euphoric sense of achievement when we did finally cross that last high pass.

At the very end of our trek, after an hour of anxious waiting in sudden clothes, we finally heard the noise we had all been listening for — the sound of the yaks' bells as they swayed down the hill through the rain towards us.

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BOOKS/DIVERSIONS

Priestley was a good companion

Anthony Curtis on the hitherto little known carnality of the great literary all-rounder

J. B. PRIESTLEY, a great Yorkshire all-rounder, had one of the longest innings of any writer this century. Priestley churned out novels, plays, essays, criticism, journalism, travelogues and radio broadcasts with unflagging regularity for over 50 years. The warmth of the popular acclaim was matched by the frequent tepidity of the critical response. Undaunted Priestley was voracious - for work, for fame, for travel, and it now emerges, for sex too. He was the embodiment of the principle of energy in life and literature, more typical of the 19th century than the 20th.

There is a picture of him in Vincent Brome's marathon biography at a dinner in his honour given by the Bradford Arts Club in 1983. He had returned to the city of his youth while collecting material for one of his best books about pre-war Britain, *English Journey*. There he sits dourly and somewhat, surrounded by the grinning local worthies, exuding a sense of pure triumph.

The local boy had made good with a vengeance. He was not yet 40 but he already had nearly 30 books to his credit; among them two hugely successful novels *The Good Companions* (1928) and *Angel Pavement* (1930). Just when the trend seemed to be for compact interior novels about the state of the hero or heroine's soul, Priestley turned it round and wrote long exterior novels which were basically about the state of the nation, using the analogy of a travelling troupe of entertainers to represent it.

In his early chapters Mr Brome reiterates the story familiar from *Marginal Released* of how as a lad Priestley pulled himself up by his bootstraps. Through heroic efforts at his typewriter in the small hours, he escaped the inevitable fate of becoming a life-long toiler in the wool trade, and catapulted himself into a career as a professional writer. With his determination he would have got there anyway, but, ironically, World War One, helped. He served in the Duke of Wellington's 6th Brigade in the front line in France until he was wounded, and then in the Labour Corps as a lieutenant. An officer's grant enabled him to go to Cambridge after the Armistice.

But the academic life was not for him even if he had been born the son of a schoolmaster. He never seems to have felt at ease in Cambridge; his sights were fixed on London. He took the classic road of literary journalism contributing articles to the *London Mercury*, the *TLS*, the *Spectator*, and he rapidly became known to Squire, Gosse, Lynd and other members of the book-reviewing establishment as one of the brightest of the young firebrands, a reputation consolidated by the appearance of appraisals by him in book form of Meredith and others.

What Brome does here - out of much research - is to combine this already familiar tale of success, through hard work and Yorkshire grit, with the scenario of the private life and the behaviour of the private man, about which Priestley was understandably coy in print.

In 1921 a local girl, Pat Templest, who worked in the

J.B. PRIESTLEY
by Vincent Brome
Hamish Hamilton £16.95, 511 pages

Bradford Central Library, became his wife, shared his early years in London and bore him two daughters; but by the time of her death from cancer in 1925, Priestley was in the throes of a passionate affair with Mrs Jane Wadham Lewis. She invited Priestley to one of her soirées. She was in the process of divorcing her husband. Priestley made her pregnant and then married her. Much still remains obscure. Brome untangles all this as best he can.

The young author soon had a sizeable family to support by his writing. Though moody and immensely busy and often away from home, Priestley was one of those admirable fathers who enjoy playing with their children. Like H.G. Wells he was a fertile inventor of group games. The figure of "Jolly Jack" was by no means a complete myth.

But, as in his first marriage, he was the least faithful of spouses; each new literary project brought a fresh crop of affairs. Peggy Ashcroft in her pre-war heyday as an actress, and the radio producer Mary Hope Allen, who met Priestley through his famous series of morale-boosting wartime Postscript broadcasts, are but two of many women named here with whom work led to romance.

None of this though interrupted Priestley's relentless flow of words, nor his attempt

to become a political activist. His war broadcasts eventually fell foul of Tory watchers for being too left-wing. He supported the Labour Party in 1945 and stood as a candidate to be a university MP; he briefly served as President of PEN and was prominent in the early days of CND.

Brome attempts *en passant* to separate the more serious work from the pot-boiling dross. He discusses in some detail novels like *Bright Day* and *Lost Empires*, the personal *Midnight on the Desert*, the "time plays" about which he is particularly enlightening, the fascination with the work of Jung, *Literature and Western Man*.

Towards the end of his long marriage to Jane after world war two in his fifties, Priestley fell in love once again, this time for real, with Jacquetta Hawkes, the wife of a professor of archaeology at Cambridge and author in her own right. We can observe, through quoted letters, Priestley playing the two contradictory roles of caring husband and ardent lover with Jane and Jacquetta simultaneously. The convention he eventually adopted in his letters to Jacquetta, of referring to her in the third person as if she were a friend common to both of them, one Elizabeth Heron, shows how inevitably he thought of life in terms of fiction. But although with his marriage to Jacquetta the long angry story did have a happy ending, his life is less exhilarating to read about than are his best books.



J. B. Priestley: the Yorkshire all-rounder

The purposeful pursuit of happiness

THE PURSUIT OF HAPPINESS
By Peter Quennell
Constable £12.95, 200 pages

WHEN INDIVIDUALS become obsessed with happiness it is probably a sign that they sense its essence slipping through their fingers. As Peter Quennell points out, few people experience the simultaneous enjoyment and awareness of happiness - it is one thing to be happy, but quite another to be aware that you are happy and live those "brief luminous moments".

Quennell locates the origins of his book in his childhood, perhaps to a moment when his father, C.H.B. Quennell, joint-author of the best-seller, *A History of Everyday Things in England*, questioned the family's happiness. Ironically, the catalyst of the sudden doubts of this father who "preferred facts to feelings, solid, finally-built objects to ideas or intellectual theories", was a fainter whose author assumed his happiness. It must have been quite a jolt, for Quennell says, "he suddenly remarked 'Well, we're not happy, are we?' with an expression of profound despair".

After pointing out that, "the meaning of words had slowly changed and each metamorphosis had reflected the changing climate of a different social epoch", Quennell gives us only the barest indication of the use

and context of the vocabulary of happiness when this is the crux of the matter. Had he taken up the task set by scholars and tried to run through the literary and artistic usage of happiness since it acquired the beginnings of its 20th century meaning he would have performed a valuable task. Many of the anecdotes and characters he cites could have been used in just such an undertaking.

What we get is rather more elliptical. Quennell rightly traces the arrival of a modern concept of happiness in the 18th century, taking as his reference point the opening of the fourth section of Pope's *Essay on Man* with its "address to Happiness", but concentrating on an impressive range of philosophers, artists and writers, as well as politicians including Benjamin Franklin, Robespierre and St. Just. We are still living with the legacy of their musings.

The key literary figures for Quennell are Rousseau and

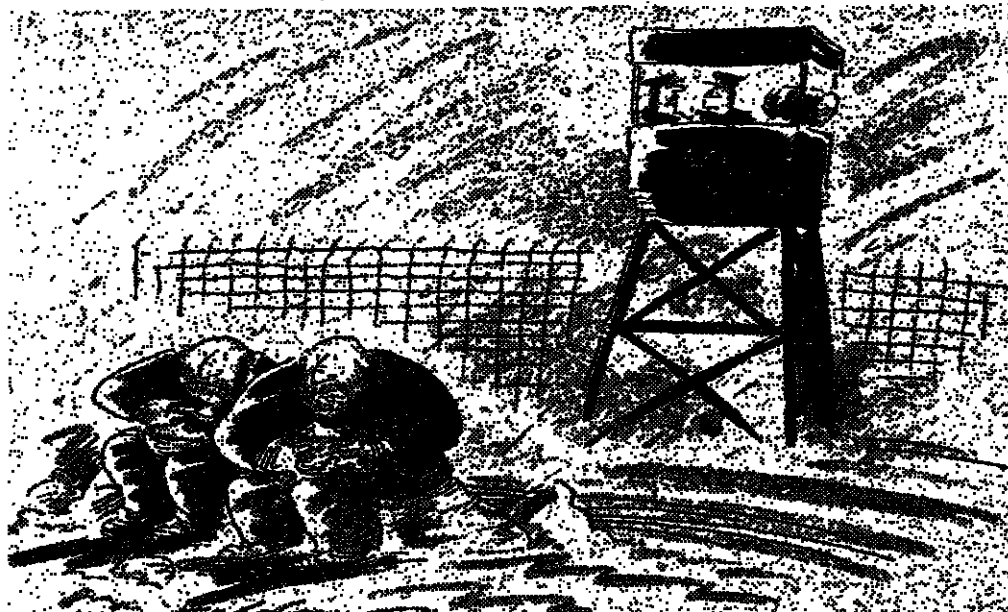
Samuel Johnson, whose ideas and attitudes are well contrasted. Rousseau, we are told, came to see happiness as a natural human right which for him was indissolubly linked with the concept of virtue, while Johnson in typical hearty style asserted happiness as a passing and rare sensation. While Johnson was amusing, Rousseau was crucial, for his ideas and influence had a firm presence in the French Revolution and helped to shake Europe's aristocratic elites out of their complacency. Quennell is right to show the connections between the Revolution and the Romantic movement and he makes good use of the symbolic power of Napoleon, although he rather overplays the anxieties of the man himself.

What the book lacks in discipline it sometimes retrieves with insight and sheer interest. Above all, this is a book about individuals who, Quennell believes, found their happiness in the contemplation or creation of art and literature. He is shrewd enough never to stray too far from the observation that happiness walks hand in hand with the darker side of human experience.

Andrew Freeman

Those who publish and are damned

William St Clair on the dangers of truthful writing



'He's having lunch with his agent'

prohibits without publishing of false news. There may be a limit to the doctrine which you say but will fight to the death for your right to say it, but lies can be defeated without resort to the criminal law. In the Soviet Union things are better. In 1983 Pen knew of 93 imprisoned writers; today the figure is 20. However, the pace of releases appears to be slackening and new arrests are still occurring. It remains highly dangerous to test the limits of glasnost, especially in

the non-Russian republics. The unenviable distinction of being top of the list now belongs to Turkey where, according to the Turkish Human Rights Association, the number of political prisoners was about 18,000 in November 1987. International Pen has found it impossible to discover the exact number of writers in prison, but a steady stream of reports continues to reach its office. For example, after a fire in Aydin Prison in May, the place was sealed and the prisoners left for three days with-

out food or drink. They were then beaten up by the police. Among the injured was Servet Corakli, former film-maker, writer and poet, imprisoned in 1986 for distributing pamphlets.

In many countries, prison conditions are squalid. Torture, beating up and disgusting humiliations are frequent, even routine. Formal sentences are usually intended to intimidate. In Chile's one editor is serving 18 months night arrest for writing editorials in which he insulted the commander of

the armed forces - that is, General Pinochet. Twenty others are being prosecuted for violations of the same offence. In Turkey sentences of over 100 or even 200 years have been handed out by the courts for writing in favour of the Kurds, although these are sometimes commuted to 36 years. But many regimes such as South Africa prefer indefinite internment without trial.

Pen, an association of writers which began in England, has campaigned on behalf of imprisoned colleagues for many years. The first success was to secure the release of Arthur Koestler, sentenced to death by the Fascists in Spain in 1937.

Governments are even more cynical now, but the cruellest are surprisingly sensitive to criticism from abroad and are embarrassed into making concessions. From an office in London Pen gathers and sits information about individual prisoners, helps with legal fees, and tries to keep in touch. The German centre, for example, has adopted three imprisoned writers in whom it takes a special interest. The English centre is the most active, with 15 prisoners in Malawi, Czechoslovakia, Singapore, Kenya, Turkey, Ethiopia, South Africa, the Soviet Union, Mexico, Malaysia, Morocco and China.

To help raise funds, a number of British cartoonists have donated original examples of their work, some funny, others poignant. They can be seen at the National Theatre on the upstairs corridor of the Olivier any day except Sunday from 10 am until after the final performance. The originals are to be auctioned by Bonhams on November 15. If you would like to leave a bit, ring Angela Broad on 01-594-9161. The cartoons have also been collected into a book, *Publish and be Damned*, (£4.95) available at the National Theatre Bookshop and elsewhere. All royalties go to International Pen.

Age field system have been

ploughed-out. Bear in mind

that even if a monument is not

scheduled, it could still have

some legal protection.

Ideas also have changed

about the settings of monu-

ments. If one was scheduled

some time ago, the boundaries

are likely to be drawn tightly

round the remains. Today the

emphasis is on the broader

view, seeing remains in the

landscape of then and now. In

practical terms, this might

mean drawing the line further

out to give a larger setting and

in case there was some ancient

"suburban" use outside the

principal monument.

Finally, he prepared for a

view that contrasts oddly with

the philosophy of this govern-

ment. You might be told that

public ownership is preferable

to private purchase, to ensure

long-term management of a

monument. I was told this this

year when there was a chance

that the local diocese would

sell me the glebe field next to

my house. It happens to have

a scheduled late Saxon/early

Norman "ringwork" mound as

an archaeologist, I looked

forward to looking after it, and

to others enjoying it. The field

is now withdrawn from sale.

If you are still eager for land

with monuments, can you get

help? You can. English Heri-

tage gives grants of up to 40

per cent of the costs of major

repairs to stabilise an earth-

work, for instance, but not for

routine maintenance. EH also

encourages farmers and own-

ers to make management

agreements with it. These can

cover future use, especially

keeping land as pasture, pub-

lic access, stock-proof fencing,

controlling vermin and, pos-

sibly, putting up an informa-

tion board.

Gerald Cadogan

Archaeology

Monumental worries

chance to comment on a proposed inclusion, but there is no right of appeal. The theory is that scheduling is intended to be an absolute judgement of archaeological worth.

Scheduling often affects farmers in how they farm and where they put their buildings. For example, Scheduled Monument Consent was refused recently for a new extension to a racing stable on the site of a buried henge monument in the Cotswolds, and for farm buildings at Hinton St Mary in Dorset where the Roman villa produced the great mosaic of Christ (or Constantine) now in the British Museum.

Hill forts or obvious barrows probably are scheduled already and consequently are left alone. But it is wise to prepare now for the new rules and habits that more scheduling will entail. There will doubtless be some surprises when the DoE schedules medieval deer parks, fish ponds, rabbit warrens and industrial sites as monuments of national importance.

It is presently an offence to carry out works on scheduled monuments without Scheduled Monument Consent from the DoE. This is good for five years at a time and comes in six categories. These include farming, gardening or forestry - provided they are along the lines of what was done before and do not include sub-soiling, drainage, planting or uprooting trees, hedges or shrubs, or anything else that goes below the normal ploughsoil.

The idea is to keep for the future what matters of the



structural remains of our past.

However, basic distinctions mean that things work out differently. Getting a monument scheduled or putting it into a county's Sites and Monuments Records, is more complicated than choosing a building for listing because so much less survives of monuments, and most of that is underground.

It means marshalling the evidence of early records and antiquarian reports; chance finds brought to the local museum; air photographs; observations made by archaeologists; electrical and magnetic surveys; digging; and even studying the phosphate levels in the soil - a useful guide to where humans and animals

left organic debris, and so to where settlements and animal pens were. Luck helps, too. The drought of 1976 allowed many ancient field systems on Dartmoor, invisible in normal summers, to be spotted from the air.

English Heritage's *Ancient Monuments in the Countryside* (Timothy Darvill, £13.50), has their locations and telephone numbers, the legislation covering them, and many other useful details. A county's Sites and Monuments Records list chance finds and information gleaned from field-walking, air surveys, old maps and anything else of use. This may give a clue as to whether Bronze Age barrows or an Iron

ornaments... The toy market, fascists, produced Bonzo soft toys, jigsaw puzzles and games.

Steady himself worked indefatigably to supply the printed market. *The Sketch* published a series of portfolios with high-quality mounted colour prints. For children there was an endless stream of books and annuals. Valentines produced a series of more than 800 picture postcards, some of which have been reissued by Gallery Five.

The only serious difference from today's merchandising practice is that, had he lived now, Steady would have been a multimillionaire. As it was, he made a comfortable living at the peak of the Bonzo craze but experienced harder times later in life as the market fell off. His impulsive generosity did not help: he had been known to give his coat to a chilly street musician, or £200 to a stranger who came to the door with a sad story.

However, this kind of merchandising does have a huge legacy for collectors, apparent from a very jolly London exhibition now at The London, 128 Westbourne Grove, until November 6. The exhibition marks the 90th anniversary of Steady's death, as well as the publication of Paul Bonython and Gay Owen's attractive book with his hundreds of colour and black and white pictures recapturing Trumphy's charm and humour that made Bonzo the wonder dog of the 1920s and 30s.

Collecting

Bonzo the wonder-dog

Janet Marsh on the rebirth of a cartoon hero



A "lightning sketch" of Bonzo by George E. Steady

comic drawing every week; and it was in these that a comical dog began to intrude which, in time, evolved the personality of Bonzo.

At first known to the public only as "The Studly Dog," the animal was christened officially, in response to popular demand, in November 1922. Once named, Bonzo became a national figure and Studly, a shy man, found himself being interviewed constantly about his creation. Since the evolutionary theory was then much in vogue, he obliged with an extravagant theory of the creature's descent from the Bonzo-saurus.

Bonzo combined the qualities of a small puppy and a mischievous child. He was white and soft and velvety, and a drawing on the cover of Paul Babb and Gay Owen's new book *Bonzo, The Life and Work of George Steady* (Richard Dennis, £18.50), shows him grasping in his paw a small, easily enclosed his fat little tummy.

Some of his scrapes - tugging with cats or parrots or wet paint - certainly were canine but others such as stealing jam, baby-sitting or dressing up as harlequin or a girl guide were more human. He

could be precocious: some of his seaside postcards veered towards Donald McGill cheekiness, with Bonzo admiring ladies' skirts being blown up ("Enjoying the breeze") or peeking through a tent flap ("This show isn't at all bad").

Bonzo's film career, with a series of 25 cartoons in 1924-25, preceded Mickey Mouse by four years. The films were quite

The Wigmore plays it again

Antony Thornecroft reports on the renaissance of a concert hall

WHICH London concert hall so delighted international divers that they take a lower fee to sing there; has promoters booking events well into 1990; and on some nights turns away paying customers? Answer: the Wigmore Hall. Yes, the same hall that, quite recently, was largely empty of its seats were occupied.

The revival in the fortunes of the Wigmore is one of the most encouraging developments of recent years in the musical life of the capital. The hall has a great history, intruding everyone from Rubinstein to Jacqueline du Pré to a London audience. In 1946 it fell into the claws of the Arts Council, and for many years was monopolised by classical debutantes. If you thought your daughter played the harp like an angel, you hired the Wigmore Hall and invited your friends as well as the critics, who got into the habit of finding a prior engagement.

This now has changed. Last year, the Arts Council, anxious to rid itself of its management responsibilities, persuaded Westminster City Council to take over the hall while still providing an annual grant. The new ownership caused some unease but, in the event, Westminster has proved a benign landlord. Indeed, positively generous on occasions. The hall has entered a period of imagination and innovation.

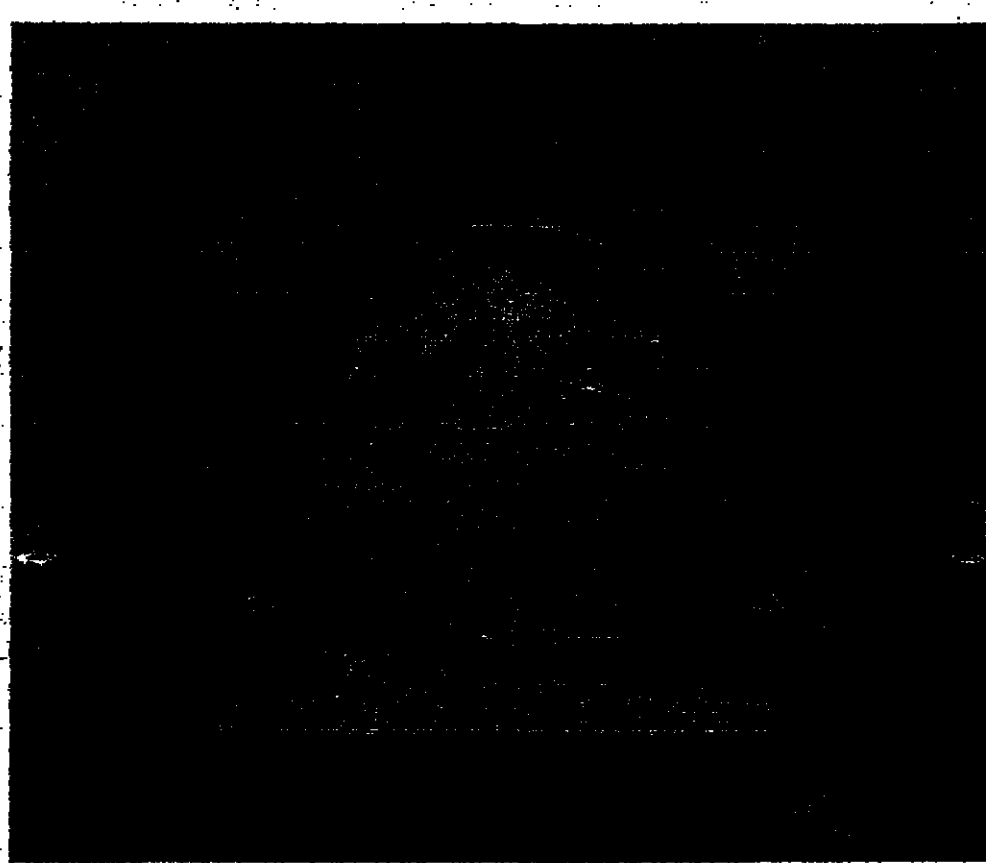
Most of the improvements had been spending money for the manager, William Lyne.

and can be dated to 1975 when he invited Rubinstein back for the pianist's last London concert. Now, all the top string quartets, chamber groups and soloists want to play the Wigmore. The debutantes have been limited to Monday nights, while the rest of the week is likely to be enlivened with concerts linked by themes or as part of festivals that excite both promoters and audiences.

Lyne has been much more active in mounting the Wigmore's own programmes, and so of the 322 concerts performed there last year were self-generated. The average attendance at the hall was almost 57 per cent, but for these concerts it was over 80 per cent. Sunday morning coffee concerts, now held weekly, also attracted more than 80 per cent capacity.

The pace of change is intensifying. Next month, the Wigmore is planning a joint series of concerts with the Barbican on Schubert and Mendelssohn; it will handle the chamber works while the Barbican looks after the orchestral. Early next year, the Wigmore is presenting a festival of British 20th century music, reviving compositions by Raw, among others, that have lain dormant for years.

In May, nine days will be given over to Schumann and his circle. Lyne hopes that this series will be sponsored; if it is, Westminster will come up with a matching grant. The sum looked for? A mere £9,000. Also planned is another joint production with the Barbican, of Hungarian music.



Inside the Wigmore Hall... fewer debutantes and more divers

"The hall is the best venue in London for chamber music," says David Sigall, chairman of the British Association of Concert Agents. "For years, it was associated only with debutantes, but now it encourages the involvement of promoters by presenting series and is much more flexible in the terms under which you can hire it. In the old days, you just hire it. Now, you can do a deal, perhaps sharing a profit. As a result, there is a higher standard of concerts presented and a much more coherent artistic policy."

There are problems with the Wigmore. Its 540 seats make it a small but hardly produce a box office jackpot. The hall has no money to promote its activities.

Its facilities for sponsors are minimal, so explaining why - for all its central location and agreeable atmosphere - it has attracted no support. To date, from the corporate sector, this could change in the next year or two as plans to build a restaurant on the site take shape.

It should also gain from the appearance of competition from the Blackheath Concert Hall south of the river which, in their first fully-active year, have latched on to the concept of theme concerts. The Wigmore's main rival in the past, the Finsbury Room on the South Bank, is upped, at least by performers, but the arrival of Blackheath should enable more foreign singers and string

quartets to play London now they have the prospect of two bookings.

The Wigmore has gained by experiencing a slow revolution, keeping its old audience while appealing to a new one of younger people, keen on its concerts of early music and its song recitals. Many of the debutantes who performed there invisibly years ago, like Cecilia Ouselet, are happy to return. Even the biggest stars have affectionate memories of the place. The recent series of song recitals was kicked off by Jessye Norman. She could have filled a hall 10 times the size but was happy to earn pennies for the chance of a pleasant saunter down memory lane.

A blessing in disguise

AS EVERY schoolboy knows, in 1940 Great Britain conferred a lasting blessing on the world's communications by introducing Roland Hill's universal penny postal system. The arrangements were ingenious, simple and convenient. The public could buy a folding letter sheet, printed on one side with a decorative design and information about postal rates and conditions, and with the other side blank for correspondence.

Alternatively, they might buy an envelope - a recent invention - also printed with a special design. Those who neglected to use the official stationery could purchase special, ready-printed labels bearing a picture of the Queen's head. These soon acquired the name of postage stamps.

The system did not escape criticism. Lord Melbourne's administration, which introduced it, was shaky, and the Tories lost no chance to snipe. Their press at once assailed the new devices. Both covers and postage stamps - the now sacred Penny Black - were abused daily by *The Times*, both in editorial columns and by a chorus of alleged correspondents. The covers and stamps were, said the Tory press, "as dirty-looking as these dirty ministers themselves." The stamp was like a corn plaster and the Queen's likeness on it was a libel.

The onslaught on the wrappings and envelopes was even more vicious. The joyfully emblematic design, selected from hundreds of submissions, was by the eminent William Mulready, an Academician. Above the space for the address sat Britannia despatching flying cherubs to the four corners of the earth, represented appropriately by figures of animals and exotic figures. At the lower corners were family groups reading

missives from far-flung loved ones. The high sentiment of the design was derided viciously. "Heaven save the babies that Britannia is throwing out in all directions," jested *The Times*. "They must be a part of the surplus population, we suppose."

The caricaturists of the day set on poor Mulready's design and every popular publisher issued his own series of joke wrappings. Leech, Doyle, Henry Heath, Phil and Cruickshank all did their own versions.



Part of a Mulready wrapper with its Penny Black stamp

alone. At first, the point of the joke was the envelope itself, but in time the Mulready design was adapted to caricature every current national and international event.

The Mulready joke was revived at the Government's expense in 1844 when it was discovered that letters written by, or addressed to, suspected persons were opened routinely in transit through the Post Office, and a storm of public displeasure fell upon Sir James Graham, the Home Secretary. By this time, however, the Mulready covers themselves had been abandoned.

For more than a century, though, they and their irreverent parodies have been cher-

ished by collectors as an intriguing byway of early philately; and, on November 3, Phillips will devote an entire auction to Mulready letter sheets, envelopes and caricatures - the first such specialist sale in London for nine years.

Outstanding is a series of 20 trial proofs of the design, mostly with variations showing it was not arrived at easily. Estimates for these vary from £100 to £1,000, according to the rarity of the variations they display. Generally, collectors value used covers more than unused ones. The value of a cover will vary according to the interest of the post-marking, or when stamps have been affixed to cover extra charges on enclosures.

The most prized item in the Phillips sale is a Mulready letter sheet, turned inside out, flanked with a Penny Black and post-marked May 2, 1840 - four days before the official introduction of the penny post. The cover was then turned right way out and posted again on May 4, 1840. This extraordinary freak double is estimated at £30,000 to £30,000.

The prize item in a representative collection of Mulready caricatures is John Leech's original pencil sketch for the anti-Graham envelope, with a note to Mark Lemon, the editor of *Punch*, proposing it be published separately (as it was) if it failed to arrive in time for the issue. This seems much under-estimated at £250 to £300.

There is a similar estimate for a complete sheet of *Punch's* anti-Graham wafers, little seals to be attached to envelopes with threatening messages like: "If opened a noise will follow" and "Touch my wax and you'll feel my sting." The Victorians had a lively attitude both to postage and to politics.

Janet Marsh

Chess

Caro-Kann Defence (Duncan Lawrie World Mixed, London 1988).

1 P-K4, P-QB3; 2 P-Q4, P-Q4; 3 P-K3, P-K3; 4 P-QB4, N-KB3; 5 N-QB4, P-K4; 6 P-QB3, N-N3; 7 P-K3, Q-Q; 8 P-K3, Q-N3; 9 P-QB3, N-N3; 10 P-K3, N-N3; 11 P-K3, N-N3; 12 P-QB4, N-N3.

The Polgar sisters are well known in chess circles, and all three are strong players. Black is the favourite of the Polgar sisters, and they have won many tournaments with it. White, however, has been less successful. Black's last knight move may be a mistake to the natural P-QB4.

13 P-QB3, N-N3; 14 Q-Q; 15 P-QB3, Q-N3; 16 Q-Q; 17 P-QB3, N-N3; 18 P-QB3, N-N3; 19 P-QB3, N-N3; 20 P-QB3, N-N3; 21 Q-Q; 22 P-QB3, N-N3; 23 P-QB3, N-N3; 24 P-QB3, N-N3; 25 P-QB3, N-N3; 26 P-QB3, N-N3; 27 P-QB3, N-N3; 28 P-QB3, N-N3; 29 P-QB3, N-N3; 30 P-QB3, N-N3; 31 P-QB3, N-N3; 32 P-QB3, N-N3; 33 P-QB3, N-N3; 34 P-QB3, N-N3; 35 P-QB3, N-N3; 36 P-QB3, N-N3; 37 P-QB3, N-N3; 38 P-QB3, N-N3; 39 P-QB3, N-N3; 40 P-QB3, N-N3; 41 P-QB3, N-N3; 42 P-QB3, N-N3; 43 P-QB3, N-N3; 44 P-QB3, N-N3; 45 P-QB3, N-N3; 46 P-QB3, N-N3; 47 P-QB3, N-N3; 48 P-QB3, N-N3; 49 P-QB3, N-N3; 50 P-QB3, N-N3; 51 P-QB3, N-N3; 52 P-QB3, N-N3; 53 P-QB3, N-N3; 54 P-QB3, N-N3; 55 P-QB3, N-N3; 56 P-QB3, N-N3; 57 P-QB3, N-N3; 58 P-QB3, N-N3; 59 P-QB3, N-N3; 60 P-QB3, N-N3; 61 P-QB3, N-N3; 62 P-QB3, N-N3; 63 P-QB3, N-N3; 64 P-QB3, N-N3; 65 P-QB3, N-N3; 66 P-QB3, N-N3; 67 P-QB3, N-N3; 68 P-QB3, N-N3; 69 P-QB3, N-N3; 70 P-QB3, N-N3; 71 P-QB3, N-N3; 72 P-QB3, N-N3; 73 P-QB3, N-N3; 74 P-QB3, N-N3; 75 P-QB3, N-N3; 76 P-QB3, N-N3; 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256 P-QB3, N-N3; 257 P-QB3, N-N3; 258 P-QB3, N-N3; 259 P-QB3, N-N3; 260 P-QB3, N-N3; 261 P-QB3, N-N3; 262 P-QB3, N-N3; 263 P-QB3, N-N3; 264 P-QB3, N-N3; 265 P-QB3, N-N3; 266 P-QB3, N-N3; 267 P-QB3, N-N3; 268 P-QB3, N-N3; 269 P-QB3, N-N3; 270 P-QB3, N-N3; 271 P-QB3, N-N3; 272 P-QB3, N-N3; 273 P-QB3, N-N3; 274 P-QB3, N-N3; 275 P-QB3, N-N3; 276 P-QB3, N-N3; 277 P-QB3, N-N3; 278 P-QB3, N-N3; 279 P-QB3, N-N3; 280 P-QB3, N-N3; 281 P-QB3, N-N3; 282 P-QB3, N-N3; 283 P-QB3, N-N3; 284 P-QB3, N-N3; 285 P-QB3, N-N3; 286 P-QB3, N-N3; 287 P-QB3, N-N3; 288 P-QB3, N-N3; 289 P-QB3, N-N3; 290 P-QB3, N-N3; 291 P-QB3, N-N3; 292 P-QB3, N-N3; 293 P-QB3, N-N3; 294 P-QB3, N-N3; 295 P-QB3, N-N3; 296 P-QB3, N-N3; 297 P-QB3, N-N3; 298 P-QB3, N-N3; 299 P-QB3, N-N3; 300 P-QB3, N-N3; 301 P-QB3, N-N3; 302 P-QB3, N-N3; 303 P-QB3, N-N3; 304 P-QB3, N-N3; 305 P-QB3, N-N3; 306 P-QB3, N-N3; 307 P-QB3, N-N3; 308 P-QB3, N-N3; 309 P-QB3, N-N3; 310 P-QB3, N-N3; 311 P-QB3, N-N3; 312 P-QB3, N-N3; 313 P-QB3, N-N3; 314 P-QB3, N-N3; 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OUTDOORS

Market forces woo the zoos

David White on a new financial regime at two of Britain's biggest tourist draws

LONDON ZOO has been gripped by a financial crisis for nearly all its 162 years of existence. Only now has a decision been made by the Government to provide a one-off £10m payment which ends the continuous "bailing out" and leaves the zoo to stand or fall by its own efforts.

This decision follows a report by consultant Peat Marwick McLintock that recommends a new company be formed to operate both London Zoo and Whipsnade Zoo in Bedfordshire with a "more professional approach to marketing."

The man brought in from the Department of the Environment to see the zoo into what is hoped will be a new era is Peter Denton, director of administration. He says: "It isn't strictly true to say that the zoo has been privatised, because they have, in fact, always been independent of government. I prefer to say that the Government has decided to disengage from direct support of the zoo - but, in effect, it has told us that we are now on our own, and we understand this."

The problems evidently are deep-seated. Just after the Second World War, the Zoological Society of London, which runs the two zoos, had more than 3m visitors a year with a polar bear named Brumas proving a major attraction. By the end of the 1970s, this figure was nearer 1m and losses were mounting, resulting in a substantial overdraft. Soon, government help was seen as little more than a stay of execution on the way to the receiver. It is estimated that London Zoo alone needs some 1.7m visitors a year to break even; at present, 1.3m come through the turnstiles in Regent's Park.

In 1984, a three-year deal was agreed in which the Government would write off the overdraft and give support grant of £2m a year, with an additional sum to match what a development trust could raise. This package was a useful way to clear revenue account problems but, Denton says: "After two years, it was realised that it was just not working. Tourism is now highly professional and competitive. We are competing with Alton Towers, Woburn, Windsor Safari Park and the London Zoo. Such as Madame Tussauds and the Tower of London - the latter two being the most popular in the south-east. However, it is also true that when people go to other theme parks, we see this as actually encouraging more visitors here, as it actively promotes general awareness of animals and zoos."

Zoos everywhere are under pressure to justify their existence. In a past era, collections of animals were assembled to either entertain the public or to satisfy a private whim; there was little need to justify existence in scientific or conservation terms. But this began to change in the 1950s when, with a new awareness that wildlife resources were limited, it began to be more difficult to obtain animals. Zoos now are entering a further stage in that they contribute directly to the conservation of species in the wild and help to preserve many species from extinction.

It was soon realised that the two zoos were just not geared up to compete, and that professional leisure and tourism-oriented management was badly needed. Peat Marwick was brought in, and after the firm satisfied itself that there is a role for modern, profession-

ally presented and managed zoos, it found that the existing management structure failed to reflect the commercial emphasis considered essential if the two zoos were to make any kind of headway.

It was recommended that a company be set up under a new team to run the zoos. The Zoological Society will continue to look after the prestigious research side, the fine library and the learned society. Senior management will need to be experienced in the "real world" rather than being trained scientists or zoological specialists.

The society's council recommended its fellows to approve the changes in the charter and bylaws which will allow the delegation of full management functions to a wholly-owned subsidiary - Zoo Operations. It is significant that 97 per cent of the fellows who voted came down in favour of the proposed new management structure. Denton says, however: "None of this would be possible without the Government providing the initial capital for the company. The £10m payment is to the zoos. No longer will the notional profits from the zoos be syphoned off to provide research funding. Profits will be ploughed back into the zoos."

It has been agreed that an annual payment of about £1.3m will be made to the society to provide the core funding needed to maintain its important world-wide role in zoological research. Denton pays tribute to the negotiating skills of Lord Peyton of Yeovil, treasurer of the society, who figured prominently in working out the deal with the Government.

However, it is clear that the new approach to the financing of the two zoos is in line with Government policy, even though all the world's zoos are still linked in some way to public funding. Nicholas Ridley, the Environment Secretary, says that in the light of the consultant's findings it was decided that a radical change in approach was needed. The zoos needed to renew their existing infrastructure and invest in new attractions. Given the right kind of management skills, the zoos had the opportunity to become financially self-sufficient by building on their well-deserved popularity.

However, this does not disguise failures identified by Peat Marwick, including catering, retailing and visitor experience. "We accept that visits to the zoos have to be made more enjoyable, particularly for children, for whom the consultants say we have very poor facilities. We also have to improve our advertising and publicity and have a clearer idea about Whipsnade's future," says Denton.

Some 80 per cent of all visits are by families, and 93,000 school-children of all ages visited London Zoo last year in association with the educational package, which includes specialist lectures and a conducted tour. Whichever possible, "hands-on" participation by the children - a concept that, initially, produces startling images in the imagination - needs to be encouraged, with better animal rides and a re-think of how a child's perceptions and instincts can be related to the animal world at large.

For many people living in towns and cities, and not just children, zoos are the closest they will come to seeing



Polar bears at London Zoo: hoping for an end to the cash freeze

Alan Harper

wild animals. Even excellent films are no substitute for the real thing. And while Denton does expect that London Zoo will have fewer animals overall, he expects that the collections will be targeted more carefully; for example, he hopes soon to have some koala bears (for the first time) because of the cuddly image they have.

Another Peat Marwick recommendation is that £500,000 be spent immediately to provide brighter sales kiosks and to tidy and paint both zoos, at the same time improving staff-visitor relationships. A further 10 acres of land is to be leased in Regent's Park to extend London Zoo. It has 200 staff and Whipsnade about 90, with a further 90 involved in research work and about 35 on administration and other duties. At least 90 per cent of the animals were born in captivity. The two zoos provide consultancy services to others all over the world.

London Zoo now is losing 12p a head on the £3.50p adult admission charge

(£2 for children). Peat Marwick anticipates that this sum can be made up easily and that a useful profit should come within two years. But Whipsnade - the world's first open zoo which was founded in 1931 near Dunstable, about 35 miles north of London - is probably going to take four years to turn around; it had some 400,000 visitors last year. Peat Marwick's Laurence Newman anticipates that both zoos will become self-sufficient within the next five years; he adds that the report "sets a path for the zoos into the next century."

It would be easy to condemn the council of the Zoological Society for an amateur approach to its job over a long period, but this would be unfair: no-one likes going continually cap-in-hand to ask for government handouts. Indeed, the Government has now recognised it should not be necessary. And, despite its problems over the years, it is worth remembering that London Zoo is still the fifth most-visited leisure facility in the UK.

Deer poachers are making a killing

"IT'S NOT poaching - it's a massacre!" They were the words of one Scottish landowner who had lost some of his best breeding deer. His deer? The poacher would disagree: "Deer are wild, they go where they like. They belong to whoever takes them."

Poachers took 10,000 from the Highlands alone last year; the figure for the whole country is almost certainly double. The days of "one for the pot" are long gone; one man who regularly plunders the Royal estates around Windsor told me it was a bad night if he went home with fewer than four kills. Twelve was not unusual.

He works from a four-wheel drive with specially strengthened bumpers; if the deer aren't close enough to the road, he can smash his way through gates and fences to pick them up. He still calls himself a poacher; others are less complimentary. "They're criminals, pure and simple. They're in it for one thing only - money."

There's plenty of that to be had. Depending on species and size, a carcass will be worth anything from £50 to £120 at the poacher's end of the market. By the time the meat reaches the consumer, it will cost between £3 and £9 a pound for the best cuts. Venison is in vogue, it's low in fat and cholesterol, and it's being marketed heavily to the health-conscious.

A rapid growth in demand has coincided with an explosion in the deer population, the result of years of mild winters and tough conservation. Poachers - Thatcherite entrepreneurs to a man - have seen the market and moved in with alacrity. A few that get caught have, on occasions, revealed bank balances that would be the envy of many a suburban used car salesman.

Few do get caught because of the arcane complexities of the anti-poaching laws. The poacher's ability to duck and weave through the statutes is prodigious. Taking deer by any method at night is illegal. But by day, with the landowner's permission, it's still legal in England (although not in Scotland) to hunt them with dogs. So, a successful prosecution often will depend on catching the poacher "in possession" at night.

He takes full advantage of this; bloodstained knives and dogs will be explained away with the excuse "we were out rabbiting." Meanwhile, the deer is hidden under some distant hedge, to be picked up by

a colleague the next day. He will go out in the car with the family; if he is stopped, he also has a ready explanation: "We were out walking and found it in a ditch. Not against the law, is it?" He relies on the police being unwilling to follow up cases which the courts often dismiss as minor, rural crime.

Fines of £20 are common; if it's £200, "then we'll be out the next night getting the deer to pay it off," was the response of another poacher I met. "In any case, there's far too many deer around - if we didn't take them, they'd have to kill them to stop them damaging the crops." None of which can disguise the nastier side to poaching.

Most deer poachers use dogs, lurchers for preference. They're fast, silent and deadly. But they rarely kill cleanly.

Max Easterman on the illegal side of the venison trade

Cruelty apart, an animal that has been left under a hedge for 12 hours on a warm night, often ungutted, is not going to be in prime condition. Moreover, it might be dragged for miles across open country to the roadside, through stagnant water, cow dung and whatever else the farmer and holiday-maker have left lying around. It is then loaded into a dirty van and carted off to whatever outhouse the poacher uses to gut and store it.

"If we handled beef like that, there'd be an outcry. But because it's game, we accept it. Well, I don't. Not any more." Alan Beynon, environmental health officer for Somerset, has been campaigning for years to bring venison under the Meat Inspection Regulations. "Most people assume it's quality-checked like any other meat. They're wrong."

Just how wrong was proved by a recent survey of 600 deer carcasses in Sussex; nearly a fifth were so damaged or so diseased that they were unfit to eat. Yet, they could all have been put on sale. Liver fluke, abscesses, cysts and pleurisy were some of the conditions encountered. Deer also suffer from bovine tuberculosis. At present, there is so little known about the extent of these diseases in venison that Beynon feels the public are exposed to unacceptable risks if they eat it.

Deer often are found dead "on the hill" - perhaps from a badly-aimed rifle shot; in at least one recent case, from anthrax. There is nothing to stop an unscrupulous poacher - or stalker, for that matter - taking that animal and putting it on sale.

In many countries, legitimate stalkers and deer-cullers are issued with numbered tags. When a carcass is sold, its tag must match the seller's identity or the sale is illegal. Frequent inspections and heavy fines can then cut poaching to a manageable level.

Poachers poach because there are outlets. Restaurants and hotels, as my researches have shown, are happy to take in through the back door what would cost twice as much if it came in through the front.

Game dealers have to keep records, but inspections are few and prosecutions fewer still. They are the only people entitled legally to buy and sell game; this restriction is supposed to give the local authority and the Customs & Excise some control over both the health risks and poaching. The system is a farce. I walked into my local post office, paid £4 and was given a licence to deal in game. There were no checks whatever on me or my premises.

Dr John Henshaw is a deer farmer in Devon. Raids by poachers on farms like his are a major problem. Earlier this year, Henshaw injected a valuable stag with the drug Immobilon to tranquilise it for transport to a deer park. Immobilon is extremely toxic in man; four or five milligrams are enough to bring down a bull elephant. There is a 21-day withdrawal period after injection before animals can be slaughtered for food.

Ten days after that stag was sold, it was poached, butchered professionally in the field and the prime cuts removed. "I'm convinced that venison went to a restaurant," Henshaw told me. "It was a 'contract' killing."

The manufacturers of the drug say the withdrawal period is a precaution and the risks are slight. Henshaw is sceptical. "The tests haven't been done with deer. Would you be prepared to sit down and eat venison that has been given enough Immobilon to kill several men? Unfortunately, somebody could end up doing just that."

Max Easterman's report "Fair Game" will be shown in Brass Tacks on BBC2 next Tuesday, November 1 at 8.30pm

Lies, damned lies . . . and fishy tales

MY TEXT today is a paragraph from the Daily Telegraph: "A monster mirror carp weighing 20lb was hooked out of the River Waveney in Norfolk yesterday. The angler claimed that the successful bait was a pork pie."

In not much more than two dozen words, the writer achieves a near-miraculous compression of ignorance and prejudice. It is a combination all too typical of the way in which the uneducated view the angler and his sport.

Let me deal with the "monster mirror carp" first.

It is nothing of the sort. It is a fine specimen and bigger by far than any I have caught. But a glance at the angling press will show that, each week, half a dozen bigger mirror carp are recorded. Fish above 30 and even 40lb.

We proceed to the inelegant compound verb "hooked out." This is a ludicrous solecism. One might as well have Nick Faldo "putting off" in the Open. Fish are hooked. They are then caught, or they escape.

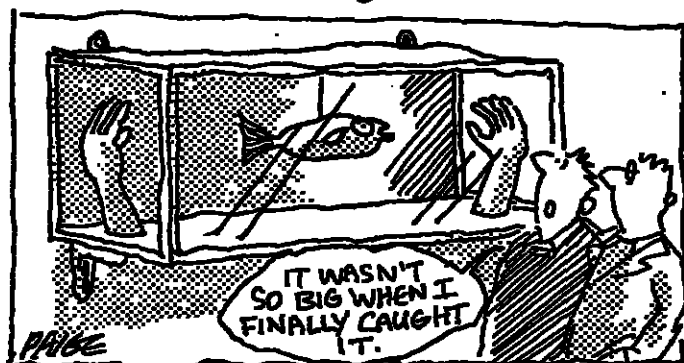
It is at the start of the second sentence, though, that

we arrive at the truly pernicious part of the text: "The angler claimed . . ." I would submit that this is an open invitation - an incitement, even - to the reader to get ready to disbelieve. It is a signal: "Pay attention, improbable assertion approaching."

The warning is justified amply by the final seven words . . . "the successful bait was a pork pie." This is an obvious lie. The mirror carp has a fair-sized mouth and a healthy appetite, but it could no more ingest an entire pork pie than I could a dead alligator. The result - intended or otherwise - is to provide a hook of incredulous derision and those unkind words: "Typical fisherman's tale."

That, of course, means fisherman's lie. Where the myth about the angler's shabby hold on reality should have come from, I do not know. But it is a perennial component of the image, accompanied by green umbrellas, ill-mannered and idiotic patience and maggots kept in the fridge.

There is a dreadful succubus to illustrate this canard - recorded, I believe, by writer Patrick Chalmers. He was fishing a Thames weir pool and hooked one of the big trout that lurk among these turbulent spots. He saw the fish clearly before it broke



away. A friend had witnessed the battle and asked for a visual impression of the fish's size. Chalmers held up his hands, 2ft or so apart.

A few months later, he was surprised - and, initially, delighted - to come across a photograph of himself in this pose in a London magazine. He admitted the elegance of the scene and the modesty of his estimate of the size of the trout. Then he saw the caption: "The Lie."

I have met out-and-out liars among the angling fraternity. I recall a man with a bald head and staring eyes, from whom I used to buy books. He would bombard me with highly-coloured accounts of the great fish that he had lured to their doom. One day he told me of a lake and a stream in Surrey, from which he claimed to have caught seven trout of more than 7lb. This, I think, was a lie.

However, the fisherman's lies are more often those of exaggeration, omission and unwitting distortion than of outright falsehood. There is, for example, the mysterious way in which fish which were nearly, but not quite, captured, put on weight over the years with the re-telling of the account of their escape.

I recall a mighty pike which (according to local legend) used to devour ducks, chew swimmers, attack boats and

smash tackle below the red brick bridge at Sonoma on the Thames. My eldest brother hooked this creature one day. The pike snapped his line as if it were cotton. At the time, its weight was put at 25lb. The last I heard, it was 40lb and still rising.

In general, the fish that get away are always bigger than the ones which don't. It is healing to the wounded spirit to believe that the trout which confounded us did so because it was bigger, stronger and more cunning than any other in the river - rather than because we were incompetent.

We would prefer not to acknowledge our frailties at all, so we attribute our failure to outside agencies, of which the weather is the most convenient. The triumphs of other anglers are due to luck, or unfairly-acquired inside knowledge. Our triumphs are the just reward for virtue and skill.

I would not deny that anglers tend to be - shall we say - relaxed in their attitude to the liberal truth. However, to ascribe this to congenital weakness of character is unkind and wrong. Let us see it, rather, as an imaginative response to the glory of the sport. I present the fisherman, not as fibber but as artist.

Tom Fort

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ARTS

Rossini Requiem resuscitated

Curiosity about this work has at last been satisfied. Andrew Porter reports

FOUR DAYS after Rossini's death, Verdi sent to Ricordi his proposal for a collaborative memorial Mass, to be written by Italy's leading composers and performed in San Petronio, Bologna, on the anniversary. His letter was widely published. A committee of three Milan Conservatory professors drew up a scheme for the piece and placed the commissions. Verdi was allotted the *Libera me*. The other composers were Buzzola, Bazzini, Pedrotti, Cagnoni, F. Ricci, Nini, Boucheron, Coccia, Gaspari, Platania, Lauro Rossi and Mabellini.

They spanned Italy from Milan, where Boucheron was maestro at the Duomo, to Palermo, where Platania directed the Conservatory. A national offering from a united Italy was intended. Leading opera composers were included (Mercadante and Petrella were invited to take part, but declined), and the maestro of S. Maria Maggiore in Bergamo, St Mark's in Venice, San Petronio itself, Vigevano cathedral and S. Gaudenzio in Ferrara.

"This work," Verdi wrote, "however good the individual numbers may be will inevitably lack unity; nevertheless it will demonstrate our general veneration of the man whose loss is mourned by the world." He proposed that after a single performance the score should be sealed in the Bologna Liceo, to be disturbed only if some future generation should wish to commemorate Rossini.

The mass was composed, but the performance never took place — for a variety of linked reasons. It seems, Scalabrini, the Bologna impresario, was reluctant to lend his orchestra and chorus without compensation. Although the artists were expected to donate their services, some expenses were inevitable. Ricordi got up a subscription; a letter from Bazzini survives, expressing indignation that, having already supplied his contribution gratis, and being prepared to come to Bologna at his own expense, he should now be solicited to help underwrite the performance, too. There was no profit in the enterprise for Ricordi (who was meanwhile making handsome sums from Rossini's own *Pette Messe Solennelle*, which he had obtained from the composer's widow).

Bologna had already given one collaborative Mass (by local composers) in honour of Rossini, and the Italian premiere, plus four more performances, of the *Pette Messe*. That was not all. Bologna, then as now, was a vanguard city. It had just produced *Il barbiere di Siviglia* not in Rossini's version but in a new, modern setting of the same text by the young Costantino Dall'Argine. Scalabrini's 1869 season included *Il profeta*, *Gli Ugurati*, and *Robert il diavolo*, and he was planning to introduce Wagner to Italy. (*Lohengrin* arrived in 1871, *Tannhäuser* the following year.) He complained that none of the younger generation — Boito, Dall'Argine, Faccio, Marchetti — had been invited to contribute to the Requiem.

And he had a point (though Boito had just crashed with *Mefistofele*; Faccio's

Amleto, with a Boito libretto, had had small success; and Marchetti's *Ruy Blas* was not yet celebrated). Coccia, the oldest of the chosen composers, a Faistiello pupil, was 87 in 1869. (When Rossini, ten years his junior, eclipsed his early operatic successes, he turned to church music.) Four of the twelve others were 60 or more, and only Platania, at 41, was under 50. Verdi was bitter in his opposition to "new music" from the North and resentful of the young Italians who championed it, while calling him a back number. His proposal to put on a conservative, all-Italian manifestation in progressive Bologna was not unpoetical. "If any foreign hand takes part," he declared, "or any extraneous to art, I should withdraw immediately."

Anyway, the collaborative Mass for Rossini ended up in the Ricordi vaults. In 1873, Verdi retrieved his *Libera me* and revised it as the finale of his Man-

zoni Requiem.

The Rossini Requiem had its premiere in Stuttgart's Liederkhalle recently; four days later it was done in Parma Cathedral. Helmuth Rilling conducted. The soloists were Gabriele Benachova, Florence Quivar, James Wagner, Alessandro Agache (baritone) and Peter Lika (bass). The Gächinger Kantorei and the Prague Philharmonic Chorus joined forces. In Stuttgart, the Radio Orchestra played; in Parma, the Emilia-Romagna Symphony.

The Parma performance was a splendid affair, with the Correggio cupola brightly lit by Italian television. The surprise was the merits of music by those obscure or near-obscure contemporaries of Verdi. Buzzola's Requiem and Bazzini's dramatic Dies irae made a strong start. Nini's *Ingenio* is a long, showy tenor solo, alternating with chorus.

Boucheron's *Confutatio* is a big, slightly long-winded bass solo, with effective scoring for solo cello and pizzicato basses. Coccia's *Lacrimosa*, for male voices unaccompanied, is a charmer, though his subsequent Amen fugue is perhaps close to salon music, but resourceful and attractive. Platania's Sanctus is a bold contrapuntal display (he was called the "Italian Beethoven"). Rossi's *Agnus dei*, a contralto solo with varied strophes and irregular phrase lengths, is a good piece.

Unity, no. Much variety. But also, to some extent, a shared language, confident and fluent, compressing the Rossini of the Stabat and sometimes, it seems, a touch of Gounod. (Julian Budden also finds traces of Liszt in Cagnoni's and Ricci's contributions.) These men are never at loss for an idea; sometimes this tempts them into amiable garrulity. Some striking anticipations of Verdi's Requiem may be coincidence or may have a common root in the Stabat. There is no evidence that Verdi looked at the collaborative score (though, as its begetter, he surely did).

His final *Libera* lifts things to a higher plane: of drama, intensity and sheer musical distinction. There are some startling differences from the later, familiar version. Reasons for the revisions are explored in David Rosen's chapter of a monograph on the *Messa per Rossini* published by the Istituto di Studi Verdiani. The text of the Mass was newly edited by 14 young scholars, working to the principles of the new Verdi Edition. At the same time, the Institute published the 1869 *Libera* in facsimile, and also the first volume of the long-awaited Verdi-Ricordi correspondence, covering the years 1860-81 (those of the *Boccanegra* revision). The volume is scrupulously edited by Pierluigi Petrobelli (the head of the Institute), Maria Casati, and Carlo Mattio Mossa, and it is beautifully produced.

Benachova, though not in her fullest, freest voice, floated some exquisite phrases. Quivar mingles a fervent, moving approach and rich tones with wobble on sustained *l* and *u* vowels (many of those in *Agnus dei*). The other soloists were ardent, strong, but often over-ready to open up. Biling is a ridiculous little conductor to watch — a compendium of Hoffmann's more extravagant poses — but he had the measure of the piece, and he secured a powerful, convincing performance.

The Mass for Rossini, Verdi insisted, should be "an object neither of curiosity nor of financial speculation." This premiere — nearly 120 years late — carried credits to the Comune and the Province of Parma, the Emilia-Romagna region, the Susseio Comune, the Verdi Foundation, the Institute, the Stuttgart Bachakademie, Ricordi, and the Casa di Risparmio di Parma. Chief Farnacutici, and Barilla. Curiosity about a work long famous in music history was satisfied at last — and was rewarded with a composition of greater merit than even the most sanguine of Verdi scholars had dared to hope for.



Rossini: honoured by Verdi and his compatriots

Golden boy at fifty

William Packer reviews David Hockney at the Tate Gallery

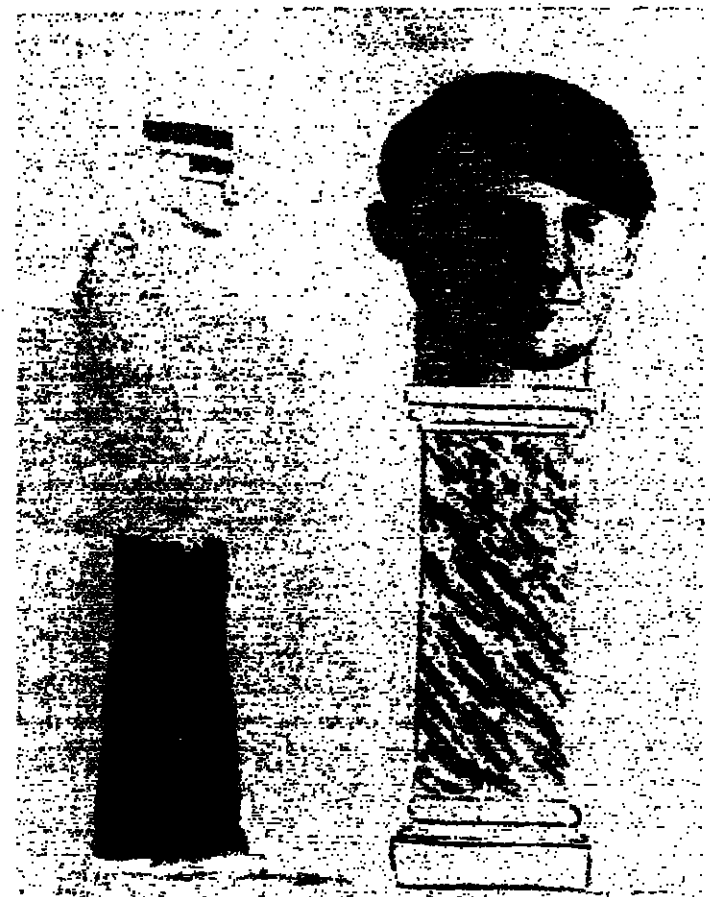
DAVID HOCKNEY'S first major retrospective exhibition was held at the Whitechapel Gallery in 1970, when he was all of 33 years old and with but ten years' work to celebrate. Already he was the star of his generation at home and moving with apparent ease and confidence towards his place, surely preordained, on the world's stage.

Well, the world has moved on since then and Hockney with it, and 50 is a natural climacteric at which to pause and look back. The arrival at the Tate Gallery of the large exhibition, *David Hockney: A Retrospective* (until January 8), sponsored by Art & T, organised and initiated the Los Angeles County Museum of Art, is therefore most welcome.

Hockney has always attracted the attention of a wide public and an uncritical press, generally ignorant of what he does and uninterested in what he has to say of Art. So it continues, but at this most superficial level Hockney the Phenomenon is easy enough to distinguish from Hockney the Artist. Rather more difficult is to get to that true artist past Hockney the Master of Genres, a figure sustained by his apologetics in that heresy which says that greatness will out in every thing it touches or attempts.

This exhibition too carries in its blood the virus of hagiology, especially in its unquestioning presentation of much of the later work, and the handsome catalogue is riddled with it. But no matter, for the show is saved by the whole body of painting it presents, in its essential seriousness, integrity and quality. For it is an exhibition not of every facet of Hockney's work — the prints and drawings have merely a token showing — but of primary engagement with painting from which all else follows. And it is in his painting that he has always found the greater difficulty and the greater challenge.

The Whitechapel show all those years ago gave us his achievement as it stood then, in all the media, and celebrated



The Student: Homage to Picasso, 1973

in particular Hockney the natural and consummate draughtsman. That gift had manifested itself most readily in the prints and drawings he was making in the later 1960s, in which he addressed himself directly to the subject before him, his friends and immediate surroundings rendered not as an exercise in image making and manipulation, but in the great tradition of objective observation, study and record.

It is perhaps that quality of unconsciousness that lies at the heart of the matter, for the paintings of those later 1960s, the pools and Californian interiors, brilliant as they often were, were already planned and mannered almost to the condition of exercises in graphic design. By contrast, the paintings of even a year or two before, but most markedly those dating from his time at the Royal College before 1963, though just as flat and graphic, were wonderfully direct, quick, and yes, genuinely in their pictorial invention and actual handling. Those images, it seemed, had grown and changed in the spontaneous process of their making.

These same works fill the early rooms of the exhibition and remain as fresh as ever. Then come the paintings of the middle 1960s, of the first Californian images and the wry, facetious art-historical still-lives and compositions, so clever and hermetic in their self-regard. Hockney by then had begun to use acrylic paint, and for a while its sheer newness and its different properties gave to the work a real sense of technical excitement, liveliness and discovery.

What was to follow was already evident by the time of the Whitechapel show, but a crisis put off, or at least disguised, by the variety and energy of the generality of the work. But with the coming of acrylic a quality was lost to the painting that continued to find brilliant expression elsewhere

in drawing and theatre design. Acrylic is a cool medium, remote and detached, closing itself off beneath a surface so quick to dry, a designer's medium. Oil is, by contrast, warmer, slower, less convenient perhaps, but infinitely more accommodating.

In the detail of painting after painting of the late 1960s and 1970s, including some of the most celebrated of the portraits and conversation pieces, are to be found passages that would have been inadmissible in any oil painting, even of the student Hockney at Bradford School of Art in the mid 1950s. Just take some of the feet and legs — Ossie Clark's toes vanishing into the thick carpet and this one Peter Schlesinger's feet not touching the ground at all as he peers into the pool; Don Bachardy's cocked trouser-leg and sock but no leg inside. All is image, flat pattern, surface.

But Hockney has come back to oil painting, albeit tentatively and intermittently at first, and one such painting half-way through the show is both exemplary and moving. He painted the double portrait of his parents in oil in 1977. It conforms to the format of so many of the large acrylic portraits, with the figures apart and remote from each other in a carefully contrived space, but the signal difference is that in the painting of the figures, and of his mother in particular, Hockney has lost himself entirely in the doing of it. Unselfconscious and totally absorbed in his subject, rather than concerning himself with Making Art, he shows that he can still paint, just as he has always so splendidly shown himself able to draw, in the great tradition and grand manner of European art. It is, perhaps, but a question of confidence and creative self-forgetfulness. Of the many-sided talent there is no doubt.

Czechs play Britten

Paul Driver in Prague for a music festival

VAUGHAN Williams's cantata with Viola obligato, *Flos campi*, a small, sweetly ecstatic work rarely heard these days, was recently on offer in, of all places, the Smetana Hall in Prague. The Czech Radio Symphony Orchestra and Choir, conducted by Vladimír Válek, aired it at the end of a programme which also included three of Holst's *Planets* and the relatively unfamiliar Piano Concerto, Op. 13, by Benjamin Britten. It was fascinating to witness the attempted assimilation of such indigenous English scores by performers who, though they have own rich enough vein of musical nationalism, nevertheless seemed to be finding the idioms of these composers hard to grasp.

The *Planets* — "Mars," "Venus" and "Uranus" — was boisterous and masmy. The Britten concerto had an excellent soloist in Radoslav Kvapil but the delicate balance it seeks between the caustic and the carnivalesque went for nothing. The ecstatic, mystical side of the Vaughan Williams work went for something, but the predominant impression was, more simply, one of sweetness and hush. In the midst of this nobly blazing emotional conviction, we were not supposed to be appreciating Janáček's genius of course, but there is no resisting the real thing when it comes.

The concert was the opening event in a festival of British music which has been organised in large part by the British Council. It reciprocates and answers a "Celebration of Czech Music" that was held in Britain in 1985, and has come about after patient negotiation between British and Czech authorities. The festival proper consists of 14 days of musical events spread over Prague, Brno and Radoslav Kvapil — one of the prime movers of the enterprise — British musical works will be peppering concert programmes in Czechoslovakia for at least the next three months. Next year the country hopes to do similar honours for French music.

The British Council has spent a modest £25-30,000 on

the festival, but given many thanks to it. The purely diplomatic benefits of the undertaking are manifold. For instance, at a time when Britain and Czechoslovakia were mutually expelling embassy staff, the Head of the Cultural Department of the Communist Party's Central Committee, Miroslav Müller, was to be found smilingly listening to chamber works by Tippett and Britten in the deliciously restored Kinsky Palace in the Old Town Hall Square.

I wonder what he can have made of Tippett's first piano sonata, a gauche if prophetic piece whose fumbling improvisations sortied ill with the selection of brilliantly accomplished Britten. It seems that made up the remainder of the programme.

Ludmila Jezlová's account of the *Six Metamorphoses after Ovid* for solo oboe, and Salome Losová's of settings from *The Poet's Echo* Pushkin cycle certainly had penetrating, seductive force, and the Suk Quartet's rendering of the third string quartet was sharply etched, carefully considered. The occasion went, however, (once again) to Radoslav Kvapil and his cellist partner, Stanislav Apolín, who made the Op. 65 Sonata a glitter of colours and a feast of virtuosity.

Britten, who, with Purcell, is the British composer whom the Czechs already know, was further represented, and by an oboe piece, in a recital held in the Cloister of St Agnes — Prague's oldest Gothic building, now spectacularly transformed into a concert hall and art gallery. On this occasion Ms. Jezlová played the engaging *Temporal Variations* with pianist Petr Adamec, and the other English piece on the programme was Malcolm Arnold's brief, three-movement piano trio op. 54 which the Poet's Trio dealt with sympathetically, though they could hardly prevent the finale from seeming the lazy jollification that it is — a let-down to two movements imbued with Arnold's distinctive reluctant intensity.

I suppose the Czech audiences for these concerts will have had little idea how to place and evaluate the various

British composers, and there was sparse documentation to assist them. They probably had a still harder time with the items in an excellent piano recital given by William Howard at the Atrium (another handsomely secularized establishment). Framed by works of Dvorak and Chopin were lively recent pieces by George Benjamin (*Fantasy on Lullaby*), Judith Weir (*The Art of Tossing the Keyboards*) and Colin Matthews, whose *Eleven Studies in Velocity* I found particularly successful, and which completed the proffered picture of contemporary British piano music as coruscating, quick-witted and fast.

These recitals, along with conferences on Dvorak and Britten, and a certain amount of poetry-reading (Dante Abbe, some of whose work has been translated by Miroslav Hohn, gave us an enjoyable afternoon at the British Council), filled the opening days of the festival in Prague. As I left, concerts by the Hilliard and the Nash Ensembles and the Royal Liverpool Philharmonic Orchestra were being eagerly awaited — the latter, under its new principal conductor, Libor Pešek, is appearing in Brno and Bratislava also, and offering such rarities as (for us) Josef Suk's *Asrael* symphony and (for the Czechs) Elgar's *In the South* and Vaughan Williams's *Norfolk Rhapsody*, as well as such rarities as Dvorak's seventh and eighth symphonies. I was glad to see that Bratislava, at least, got something substantial by the under-represented and in Czechoslovakia scarcely at all known Michael Tippett: his *Fantasy Concertante on a Theme of Corelli* was tackled by a group called Cappella Istropolitana, directed by Barry Wordsworth.

Festivals of this kind are about international conviviality as well as artistry. Even if the Czechs remain in perplexity about the nature of our music — about what it may be, for example, that connects *Flos campi* to the *Fantasy on Lullaby* — there is no doubt that steps toward cultural widening are currently being taken under the influence of British music in Czechoslovak cities.

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ARTS

Renaissance works rediscovered

Susan Moore reviews the Colnaghi exhibition

COLNAGHI'S exhibition of Renaissance works is a spectacular proof that the greatest and finest of artists are still to be rediscovered. Embodied, literally, as the centrepiece is a hitherto unknown panel by the fantastic early German master, Albrecht Altdorfer. Only 30 or so paintings by him are known to survive.

This small Adoration of the Magi, 1518, by him, was probably executed in Regensburg around 1515. At some stage during its long life the panel has been trimmed on all sides, particularly on the left, where the figure of the Madonna is bisected. But figures were never of paramount interest to Altdorfer; typically, it is landscape that is the focus of the composition. In its glass case, the panel is dramatically topped by the light glimmers on the luminous mortar, gold, and tesselated, throwing the broadly painted and thin flesh tones into even greater relief.

Extraordinary though it may seem, this jewel-like work was found lurking under a mass of grime at Philipps, Jacopo Bellini's similarly disfigured Saint Anthony Abbot and Bernardino di Siena (exhibited only in the New York showing of the exhibition) was sold at Sotheby's as Northern School.

It may seem sensationalist to dwell on their discovery and market rarity, but it is not gratuitous. This exhibition seems

to proclaim from the highest altarpiece that such rare and wonderful early paintings are still in private hands and do, very occasionally, come onto the market. Witness the solemn St Augustine of Hippo by Sassetti, the only fragment of this masterpiece of 15th century Siena outside a museum; a compelling and impressive panel by Lorenzo Monaco of St Jerome in the wilderness; and Hans Baldung's closely observed portrait of an architect.

However uncomfortable the thought, the fact that a work of art is for sale does make a difference to how it is both presented and perceived. Even if a number of these works are of museum quality, they are not in a museum yet. The more "important" works are small, or fragmentary (the Sassetti, for instance, is the smallest panel of the vast altarpiece; the National Gallery holds seven of them). There are also works which one would not find on show in the National Gallery - and that, one suspects, would not have been on show in Colnaghi 20 years ago.

Both institutions invite the public in free, and publish scholarly catalogues, but the aims of a commercial gallery are not those of a museum. This is a truly outstanding commercial gallery, but what one is doing in here, it is important to remember, is market quality and market rarity.

One valuable lesson that the

show does teach is that delightful works of art are not always those painted by household names. Among the most engaging of the gold ground panels are the two finely tooled and delicately painted tabernacles flanking the Tuscan Jacopo del Casentino, which have been cleaned beautifully. In the adjoining gallery is a luminous Adoration of the Shepherds by Garofalo, plus a powerful image of Christ by Liberale da Verona. Casentino's sensual St Augustine, less sacred than profane, is a stunning canvas, the saint somewhat disconcertingly squashing her amputated breasts that sit before her in a dish. Opposite is a Holy Family in a landscape by Bissolo, a canvas remarkable for its affecting tenderness and emotional rapport between the figures.

Colnaghi has recreated for its exhibition an air of a turn-of-the-century collection, such as that of Isabella Stuart Gardner, with panels and canvases mixed together with sculpture. Daniel Katz Ltd has lent bronzes, terracottas and engaging Nottingham alabasters, and the effect is sumptuous.

For those who find the prospect of visiting Colnaghi more intimidating than popping into the National Gallery, good news. The firm has swapped its ponderous closet colour walls for a welcoming pale lemon.

The exhibition continues in London until November 12, and moves to Colnaghi New York, November 23-January 28.



The newly discovered Albrecht Altdorfer: 'The Adoration of the Magi', c. 1518

Three new ballets for Rambert

Clement Crisp reviews the company in Manchester

THE RAMBERT Dance Company have been showing off three new repertoire pieces this week during a season at the Royal Northern College of Music in Manchester. Each is a welcome acquisition, and despite individual differences between their creators, each helps confirm the strong identity that Richard Alston, as director, is giving the company.

Alston as choreographer is responsible for *Hymnos*, which is conceived, for a particular place in a programme. A bleak work, it is set to the often violent tones of Peter Maxwell Davies' *Hymnos* for clarinet and piano; music which Alston used earlier in his *Bell High*. Performed immediately after Cunningham's *Septet*, it cleanses, even accurs the palate of any lingering traces of the quaintness and bonhomie that mark *Septet*'s style.

Alston uses two couples for jagged dances that are impelled by the cries and clamour of the score. Movement is dark in tone, and forthright in its violence. Towards the end the dancers fall to the floor, looking as if they had been injured - their bodies, thanks to brilliant lighting, seeming sculpturally anguished - then rise to link in a consolatory moment, arms curved and torso inclined to bring some

relief of tensions. It is a fine, succinct work.

In the same programme is *Soldat*, a second work for the company from Ashley Page of the Royal Ballet. An immediate pleasure comes from the unity between dance, music and design, which speak with the same clear voice. Page has set the chamber suite from Stravinsky's *L'Histoire du soldat*, and the abstract nature of this score, which is purged of narrative, is matched by the choreographer's parting away of most of the illustrative incident from the tale. Meaning is more general than specific, though we see the bare bones of the story as the devil tempts the soldier and offers him the princess.

Bruce McLean's admirable design creates a half world of brightly coloured shapes: a curved platform, a huge ladder, a pillar, with primary-hued panels to suggest the sky, and a blazing hell-red back-drop. It is the most sophisticated primitivism, dazzling to look at, and

ideal for Page's folk-ample version of the action. The central roles are excellently taken by Paul Old as an honest, powerful Soldier, by Gary Lambert pouncing maliciously on every opportunity as the devil, and by the cool and exquisitely linear Amanda Britton as the princess.

Page's dances are as alert in outline as score and design. The progress of the tale is cleverly organised, with the devil's cohorts shown off in the tango, waltz and regatta. These are nicely matched, like the score, and the choreography fragments and refracts the accepted form of the dances to make something satiric.

On Thursday night, Slotham Davies' *Embarque* also entered the repertoire. This is a commentary upon the choreographer's recent travels across America. The stage is decorated by David Buckland as an austere, sand-coloured space, a desert vastness where changes of lighting evoke those interminable journeys and immense

vistas as the voyager crosses the continent.

The score is Steve Reich's *Octet*, music as fast driven and as slowly shifting in outline as a landscape seen from a train. The cast of eight race over the stage; they cover the same ground, use the same steps, and as with the score, the shifts of emphasis and permutations of bodies are part of the work's fascination. There are brief moments of repose - memories come back of Miss Davies' very first *Pilot*, where travellers were stranded in their journey; things have changed since then - but the momentum of the dance and score takes the cast onward. There are shafts of intense feeling between a couple, and a ravishing device whereby the dancers curve over and off the stage in a follow-my-leader chain. But in essence this is a powerfully energetic piece, very well danced, with Paul Old outstanding for the muscular variety and richness of his movement.

Spoken Word

Classics to cherish

TWO MODERN classics filled some unpromising summer days with sunshine. Geoffrey Palmer, in a performance of incredible elegance and subtle humour, reads Graham Greene's *Travels With My Aunt* (Isis Audio Books LAB88082; unabridged; 5 cassettes), published in 1968.

Henry Pulling, retired bank manager and model of probity, is gathered, protesting, into the embrace of his Aunt August, a lady in her 70s entirely given to a "wireless passion" for a Mr Visconti. In the end the influence of Aunt August and her friends enables Henry to jettison his own sense of moral responsibility and find a satisfying liberation. Pretty subversive stuff, and in this recording an enchanted nine and a half hours of entertainment.

The second splendid issue also comes from Isis. In 1969 Laurie Lee, the poet, published a chapter of autobiography, *As I Walked Out One Midsummer Morning*, about the year he spent as a labourer in London and the following year, 1935-6, when he walked from Vigo in NW Spain to the deep South of the country, making a kind of living with his violin.

By the summer of 1936 the country was sliding into civil war and he was surprised to find himself being rescued one day by the British Navy (he returned later, over the Pyrenees). But he had seen Spain, and its courteous hospitality and casually bloodthirsty people, with the eyes of love and the heart of a poet. The result is a book of poetry, brim-full with brilliant images. Now he has read the tale aloud (LAB88051; unabridged; 7 cassettes; 7 hours 50 minutes) in his inimitable voice, slightly breathy and tremulous, and strangely moving, because he is remembering. If you have any feeling

for Spain or for poetry, hear this one.

Cover to Cover Cassettes which specialises in unabridged recordings of nineteenth-century classics have now recorded the first English detective novel, Wilkie Collins' *The Moonstone* (CC0682; 14 cassettes; 18 hours 50 minutes), revised by the author for the edition of 1971, this intriguing story of the loss of an enormous diamond from a young girl's sitting room drawer has a very modern feel to it, chiefly because of its characters; among them is Sgt. Cuff, the man from Scotland Yard, less sceptical and non-committal, who was to spawn a score of others of the same breed in English fiction. Only Miss Drusilla Clark, scattering her religious pamphlets on the unwary, verges on caricature. Peter Jeffrey gives an outstanding performance in this beautiful reading and never lets the tension drop. First rate.

Good news from the BBC - they have just launched "The BBC Radio Collection," a selection of Spoken Word issues, mainly in the form of 2-cassette sets, based on past radio productions and lasting between two and three hours.

The first 33 titles will appeal to a wide audience. There is autobiography, and Arthur Marshall reading his *Life's Rich Pageant* (ZBBC1024; unabridged), vastly entertaining, also nostalgic and heart-breaking in its jaunty first-hand account of the retreat from Dunkirk in the summer of 1940. As the returning troops were moved out of Folkestone they were cheered by people all along the railway line, and children waved flags. "Good heavens," somebody said, "whatever would they have done if we had won?"

John Mortimer reads his *Clinging to the Wreckage* (ZBBC 1019; unabridged), and Maureen Lipman reads some amusing excerpts about herself and her family from *How Was It For You?* There is Wodehouse read by Ian Carmichael, and John Le Carré read by the author. Comedy series, long remembered with affection, include *Goon Show Classics 1 and 2* (ZBBC 1007 and 1010); *Horacio's Easy Hour 1 and 2* (ZBBC 1008 and 1011); *ITMA* (ZBBC 1011); and *Fandry Twisters 1 and 2* (ZBBC 1008 and 1015).

There are several drama sets, including *Edgy Lee* with Sir Alec Guinness (ZBBC 1002) and *Obello* with Paul Scofield (ZBBC 1003), and double bills from Alan Bennett, Alan Ayckbourn, Noel Coward and Terence Rattigan (ZBBC 1029, 1043, 1042 and 1037 respectively); and *Sherlock Holmes* (ZBBC 1031) with Carleton Hobbs and Norman Shelley.

There is also a selection of *Plain Tales from the Red*, the memorable series of interviews with people who had been part of it (ZBBC 1017); and another life-enhancing compilation from Mark Jones, the BBC's Sound Archivist, in *Cricket: The Golden Age* (ZBBC 1027), in which E W Swanton introduces cricketing highlights from the time of W G Grace to the end of the Thirties, with the voices of C B Fry, Wilfred Rhodes, Sir Pelham Warner, Jack Hobbs, Sir Donald Bradman, Len Hutton, etc., and ending with Howard Marshall's commentary from the Oval in 1938 as the 22-year-old Hutton beats Bradman's record Test score of 334, with a flashing boundary.

Further details of the BBC Collection from BBC Records, Woodlands, 80 Wood Lane, London W12 0TT.

Mary Postgate

Radio

Youth takes a dramatic turn

ALL WEEK there have been Young Playwrights on Radio 4. Ten hours or so of drama by writers learning their trade in public is not a friendly allowance. Only one of the plays I heard seemed worth its time, *Angles* by Ian Boersma on Sunday, and that played for only 20 minutes.

When Beirut hostage Peter is released in *Angles*, the first reactions we hear are his son Michael's. The best thing that happened to Mother was when he was taken, Michael thinks. I'm sure he had other women. Iris (the mother) isn't interested in any prison stories; and Peter is only concerned to find a present for Michael. Mr Boersma spares us the actual meeting. Sensitive and well-written, I thought, Pat Horan's *Not Dead Yet* (Saturday) was almost meaningless to me. In hero Damien was also called Squidly, and was obsessed with angels. He never got out of bed. His mother wanted Christmas dinner on November 17th. And so on. Both directed by Jeremy Howe.

In *The Colours of the King's Rose* by Anthony Neilson (Monday), Chris is scared of the phenomena of communications, yet he works for Confidential, a kind of Samaritans. One day a call comes through from his ex-girl, Sally. "Baby's dead" and we flash back to their courtship. In the end both principals kill themselves. Patrick Rayner directed. Hattie Naylor's *The Box on Tuesday* has a family living in a box, way up high. Shepherds' family is the same, but she can find one boy-friend after another, always without success. Something in this deliberately two-dimensional story, Hilary Norrish the director.

Great Men of Music by Craig Warner, on Wednesday, was a love-story between a girl and a boy with a speech handicap who has invented a new music script. She gives him a white mouse, he means to give her his new-style of Beethoven; but when she goes off to get married without saying good-bye, he frees the mouse and burns the music. Nothing in it but the things about the

boy. Caroline Raphael, director. All these writers were under 30. Mr Boersma only 15. Good for him. But Farquhar's first piece was played at 20. Conner's and O'way's at 23. Terence Rattigan had had two plays in the West End by 25. I think the BBC must set its sights higher.

John Guare's *Women and Water* (Radio 3, Tuesday) is no example for these young people, though. It's like a salad of two or three plays. Lydie Breeze from Nantucket (Natascha Richardson), nursing in the American Civil War, takes a steamer up-river from what she can get from the items the soldiers have given her to look after. With friends Dan and Joshua, she has trouble with the skipper of the steamer, and later with a Southern colonel's wife, who is shot by her son for dealing with them.

Having delivered the supplies, Lydie, Dan and Joshua sail back to Nantucket to pursue her enquiries about her father's whaler, the *Gardania*. We have heard that when this returned from a voyage, all the coloured crew had deserted except the cabin-boy Moncure. Then one was found on the beach with his throat cut. Did the whites murder the coloured? Lydie's father kept a log, it will be in that. But he is dead, the log buried with him. They're dug up the whites, under Lydie's brother Cabell, really were the villains. This complex plot is told with much vivid detail, relevant or not, and the result is like a boys' adventure yarn. It ran two-and-a-half hours, with an interval for Civil War songs; but Stuart Owen's direction was fast and colourful. Only the battle of Cold Harbor was unconvincing.

I have been writing to welcome a new local station, BBC Radio Gloucester, but they became involved almost at once in a row with the local independents, Severn Sound, who allege unethical sponsorship, so my welcome must wait until this is settled.

B.A. Young

Arts in credit

THAT more or less extinct but once indispensable figure, the private patron of the arts, could be about to make a comeback thanks to the credit card industry. The plastic card in your wallet could soon give you the chance to play Maecenas in a modest way.

The Arts Council announced this week that it is thinking of launching what the credit card business calls an affinity card. The idea could make good sense both for the banks which issue the cards and for the arts looking around for new sources of finance as government subsidies slowly dwindle.

In the next three years the Arts Council expects spending in the subsidised arts to grow by at least £30m, but only a third of that will come from the government. The rest has to be generated by sales and other earnings, or sponsors.

Affinity cards are credit cards issued by a bank and linked to a charitable purpose. The issuing bank agrees to make donations to the charity on various occasions - each time it gets a new customer, for instance, and for each £5 or £10 spent using the card.

There are several affinity cards already on the UK market, but linked to the charity rather than the arts. Girobank has an Oxfam card and two months ago the most ambitious affinity card in the UK was launched - the Leeds Visa card, which benefits the Leazes Cancer Research Fund, the British Heart Foundation, and Mencap.

Why should a bank want to do this? There are several reasons. The credit card market is overstocked and competition for new customers is intense. Girobank says the Oxfam card has already brought it a stream of upmarket customers whom it might not otherwise have met. Banks like meeting upmarket customers, because once they have done so they can expect to sell them other

David Barchard

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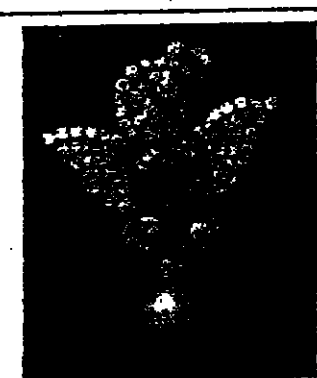
The Royal College of Art Henry Moore Gallery, Kensington Gore SW7 2BU. REPEATS: 25 years of sculpture from the Royal College of Art. 13 October - 13 November. 10am-6pm daily.

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November 16 - Objects d'Art, Fabergé, Silver, Objects of Vertu, Historic and signed Objects d'Art
November 18 - Jewellery Fine Sale - Fine Jewels

Zurich, Hotel International Dettlhorn
December 4-11 - Stamps and Postal HistoryNew York, Westbury Hotel
December 7-8 - Watches, Clocks and Jewellery

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SPORT

IT MIGHT COMFORT the doubters among you to know that there is an after-life. Last week in Spain, I saw the evidence of it with my own eyes. There on the red clay courts of the beautiful Tennis Club d'Ar, some 100 kilometres north-east of Barcelona on the Costa Brava, were 12 of my old professional pals, against whom I used to compete years ago without conspicuous success. Long since retired from the mainstream of the game, and recognisable to my youngest readers only as names out of a history of tennis, these past masters were delighting a discerning and appreciative audience with their enduring skills.

The occasion was the Fiat Tennis Legends, a special made-for-television event that will be seen on BBC2 early next year in 13 half-hour programmes. During four hectic days, we recorded these great champions of the past as they played their singles and doubles matches. In between, Dan Maskell and I recorded interviews with each of them about their triumphs - of which there is abundant material in the BBC archives - and heard their views on the modern game. When it is all put together, it should be a lot of fun.

The start was most fun for Ken Rosewall. Tired after an overnight flight from Tokyo, he arrived in Barcelona only to discover, after a long wait, that his luggage was missing - including his precious tennis rackets. That sort of situation, plus the news that he was due on court at 10 am the next day for his first doubles match with Rod Laver, would have caused lesser men to jump up and down with frustration. But Ken did not. He was totally relaxed. "She'll be right," he said. "I'll borrow one of Rod's rackets and one of the boys will have some spare gear."

He was absolutely right, of course. In fact, this delightful little 53-year-old Australian, dressed nattily in borrowed clothes and wearing shoes a size too big (they belonged to the local club professional), missed literally only one shot during the course of a hotly-contested set against the former Spanish champion, Andres Gimeno and Manuel Santana. So well did he play (that famous backhand, in particular, was as lethal as ever) that fellow-Aussie Owen Davidson quipped: "Gee, Muscles,



Rod Laver: his change to an aluminium racket could have been a big mistake

History serves up a touch of heaven

John Barrett discovers there really is an after-life in the tennis firmament

you should arrange to stay up all night and lose your luggage before every big match."

One of the factors that has enabled this group of ageing players to enjoy a productive after-life is modern racket technology. The present over-35s' tour, and the increasingly popular veterans' tournaments for the over-45s, would hardly be possible without it. All the players now use composite frames of various types that project the ball faster off the strings than the old wooden frames used to. Because the new materials - graphite, boron, fibreglass, aluminium, ceramics - are lighter and stronger than wood, the rackets are slimmer, lighter, and have larger heads than their predecessors.

Not only are they much easier to wield but they also do more for you - especially on serve and volley. The greatly increased effective hitting area means that recovery shots are easier, too, because they require less physical strength. Therefore, touch is at a premium - and that is a skill that never fades. The legs may work a little more slowly and

the lungs may not pump the oxygen quite as fast but, provided they can get the racket there in time, these great men still have that sensitive feel for the ball on the face of the racket that produces control.

Yet, the early non-wood frames were by no means as effective. I well remember arguing long and hard with Laver about his decision late in the '60s to switch from his familiar Dunlop Maxply to an untried Chalmers aluminium frame (still with a small head at those early days). At the time, Rod was regarded by his fellow-pros as virtually invincible. Having won his first grand slam in 1962, he turned professional in 1968, he returned to win the first open Wimbledon and then added a unique second grand slam the following year.

When Laver was considering the Chalmers offer, I remember saying to him: "Rod, do you imagine for one moment that Yehudi Menuhin would ever consider forsaking his trusty Stradivarius for a tin fiddle? Yet, here are you, who plays tennis equally as sweetly with the wooden frame you have

used all your life, changing to a tin frame - and all for a few miserable dollars you don't need, anyway."

Rod smiled when I reminded him of our conversation. But he agreed the change could have been a mistake. From that moment, he started to lose occasionally. In 1970, Roger Taylor beat him at Wimbledon, and the following year there he fell to Tom Gorman. To every one's surprise the great Laver was making extravagant, unforced errors. The different response of the aluminium frame meant that, for the same swing, the ball behaved differently. Instead of playing instinctively from memory, Rod was now having to adjust the mechanics of his shots on the conscious level. Even for the greatest of champions, disaster lies in wait. Once the clock of inexperience had fallen from his shoulders, Laver was revealed as a mere mortal after all.

Last week, it was a different story. The old warrior, his curly hair thinner, looked trim and fit and carried his 50 years with dignity. Aided now by a composite frame, there was still the same old sting on

those early-hit topspin backhands, the same authority about those piercing backhand volleys.

It was also apparent that neither Rod nor any of the others had lost their competitive spirit. Watching the Nastase protesting about a doubtful decision, and holding up play for a couple of minutes, was a reminder that a man's basic character never alters. True, it was all done with more charm than I remembered of old but the Flying Dutchman, Tom Okker (still impressively fast, by the way), was left standing quietly at the other end, suffering the same frustrations that all his opponents used to experience.

Taylor, the former British No. 1, and Nikki Pilić of Yugoslavia, who both played painful central roles in the 1973 boycott of Wimbledon by 79 members of the Association of Tennis Professionals, looked the fittest of the group. Roger is still very active with his club of young players and with a squad of young players he is helping, while Nikki is the present captain and coach of the German Davis Cup team - an appointment that has required him to acquire a German passport. Paradoxically, the delightful Frenchman Pierre Barthes, a successful club-owner and shrewd businessman, seems to have less time to play tennis than any of them.

America's Dennis Ralston, who, aged 17, became the Wimbledon doubles champion in 1960 with the late Rafael Osuna of Mexico (was there ever a more electrifying volleyer?) still looked pretty lean thanks to his activities as the coach at Southern Methodist University in Dallas. South African-born Cliff Drysdale - like Dennis, Pierre, Roger and Nikki, a member of WCT's "Handsome Eight" in 1978 (once described somewhat unkindly as "The Handsome Seven and Tony Roche") - seemed to have aged hardly at all. The elegant, double-handed returns of serve were still as deadly although not perhaps quite as consistent as they once were.

Perhaps the greatest benefit from an unashamedly nostalgic week was to be reminded of the basic enjoyment that surrounds a good game of tennis. As one who spends much of his year in the company of young gladiators who seem to derive very little pleasure from what they are doing, it was a tonic to see the game played with such obvious delight. Yes, it was comforting to discover the simple truth that heaven can be a rectangle of clay measuring 120ft by 60.

Why football needs the multinationals

JON SMITH is a very modern agent. Not for him the expanding waistline or the fat cigar, slim, sun-tanned, he orders Ferrari rather than champagne. He is the sort of man who looks you straight in the eye and keeps using your first name to establish intimacy. It is a tried and trusted sales technique on both sides of the Atlantic. Its smooth practitioners can sell property, life assurance - and now, even soccer players.

Twenty years ago, footballers in clubs' financial fortunes. Wages are unlikely to fall and, although gates have risen slightly, the cost of servicing spectators' thanks to improved safety standards and now membership schemes - has increased substantially. And, until the hooliganism problem is solved, English clubs will be barred from the lucrative European competitions. One proposed solution

with wealth maximisation but rather with continued existence and sporting success. Only one League club - Tottenham Hotspur - is quoted on the stock market and it has incurred much criticism lately over claims that it has favoured shareholders over fans. Its playing record also offers little comfort to those who believe in the benefits of commercial discipline - it is bottom of the First Division.

In the short term, it is hard to see a dramatic improvement in clubs' financial fortunes. Wages are unlikely to fall and, although gates have risen slightly, the cost of servicing spectators' thanks to improved safety standards and now membership schemes - has increased substantially. And, until the hooliganism problem is solved, English clubs will be barred from the lucrative European competitions. One proposed solution

There are plenty of opportunities for someone like Smith or Holmes to exploit their clients' high public profiles. There are newspaper columns and ghosted autobiographies. There is a lot to endorse - Lineker signed a deal for Quaker boots earlier this year - supermarkets to open, television commercials to film.

Corporate executives, who may shy away from the job image of soccer, can feel safe with a well-groomed player like Lineker. And as John Smith says: "There is no bigger spectator sport than soccer on this earth. Where else can companies get such a vehicle?"

UK soccer has no alternative but to accept the helping hand of corporate sponsorship. Of course, sport has long been supported by local businesses but they have been the small, or medium sized ones: the house-builder or the warehouse operator. The American football system is structured so that teams are unable to dominate for long. The draft system, which allows the worst performer of the NFL season to have the first choice of the best college players, has a built-in levelling effect. But such a system would not work in the UK (there is no equivalent to the college game) and thus a Super League would quickly become stultifying. UK soccer will have to survive in its present structure. However, much will be copied from America. Watch Channel 4's coverage of American sport and you can see the future. Glossy, but long-winded, programmes with cameras at every conceivable angle and endless interviews with the stars.

Meanwhile, tomorrow sees the launch of *The Match*, ITV's new live soccer programme based on its exclusive contract to televise League football. The viewer is promised raving reporters who will tap the

thoughts of the Robsons and Stevenages. Such interviews are both a challenge and an opportunity for the modern player. "Well, Brian, I just stuck it in the back of the net" might have been sufficient for the viewers of yesteryear but it does nothing to pull in the advertising contracts. To be a success, the player can aim either for the Jimmy Greaves "cheeky chappie" image or the well-groomed, boy-next-door style of, say, Kevin Keegan.

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Philip Coggan on the financial fortunes of UK clubs and players

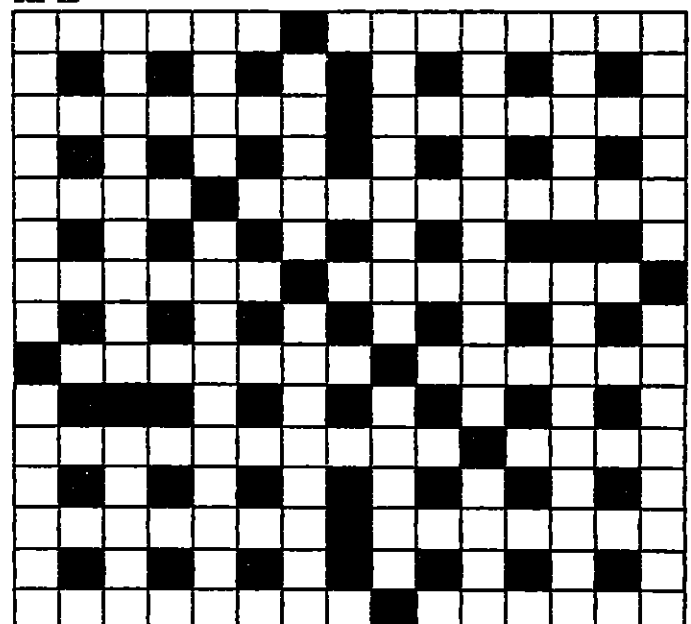
has been a domestic Super League.

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CROSSWORD

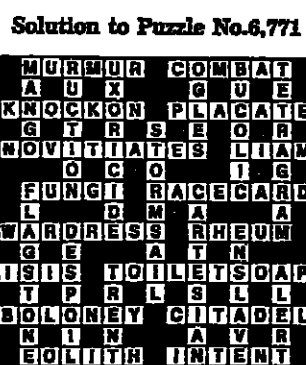
No. 6,772 Set by CINEPHILE
Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday November 9, marked Crossword 6,772 on the envelope, to the Financial Times, 10 Cannon Street, London EC4A 3DF. Solution on Saturday November 12



ALPHABETICAL JIGSAW

Method: solve the clues and fit them where they will go. There are six clues whose solutions need two spaces; these always begin with the same letter, e.g. CUCKOO CLOVE.

- ACROSS**
- A Aardvark beats ten a bar (14)
 - B Bitches eat water you put whisky into ale that's left out (10)
 - C Attacks attackers of shop prices? (7)
 - D Take evasive action in a quilt? (4)
 - E Bird-watched, being keen (5)
 - F Legendary marksman, as in Weber's opera (have a go - it costs nothing) (4)
 - G Gorn off in a country railway for fruit and veg (12)
 - H Wading bird, without falling English exam, has time for Creation (10)
 - I Fed at pub, one's own by birth (6)
 - J Merry elf just moving (7)
 - K Residing in the English garden is bad for the skin (7)
 - L Unpunished person, as may be clear to me (4)
 - M Interfere with sound of gong? (6)
 - N Unecological score? (5)
 - O Jewel on your crown, a bit queer inside, as is not clear (8)
 - P Old Scotsman with another user of the cinema? (8)
 - Q Couturier embracing painter in English in isolation (10)
 - R Uncivil words, for which one said one was sorry, about gospel (4)
 - S Pirate flag will prevent floating (6)
 - T Wrench queen into neckwear by underhand acts (10)
 - U DIY road is one's own by birth (8)
 - V In heaven! O sit you down! (is this being over-sanguine?) (8)



Solution and winners of Puzzle No. 6,769

ACROSS

- 1 Aardvark
- 2 Bitches
- 3 Attacks
- 4 Quilt
- 5 Bird-watched
- 6 Legend
- 7 Gorn
- 8 Wading
- 9 Fed
- 10 Merry
- 11 Residing
- 12 Unpunished
- 13 Interfere
- 14 Ungreen
- 15 Old
- 16 Couturier
- 17 Uncivil
- 18 Pirate
- 19 Wrench
- 20 DIY
- 21 In

DOWN

- 1 Aardvark
- 2 Bitches
- 3 Attacks
- 4 Quilt
- 5 Bird-watched
- 6 Legend
- 7 Gorn
- 8 Wading
- 9 Fed
- 10 Merry
- 11 Residing
- 12 Unpunished
- 13 Interfere
- 14 Ungreen
- 15 Old
- 16 Couturier
- 17 Uncivil
- 18 Pirate
- 19 Wrench
- 20 DIY
- 21 In

TELEVISION & RADIO

SATURDAY

- BBC1**
- 8.15 am *News* (20 min)
 - 8.30 am *Breakfast* (30 min)
 - 9.00 am *News* (20 min)
 - 9.30 am *Children's* (30 min)
 - 10.00 am *News* (20 min)
 - 10.30 am *Children's* (30 min)
 - 11.00 am *News* (20 min)
 - 11.30 am *Children's* (30 min)
 - 12.00 pm *News* (20 min)
 - 12.30 pm *Children's* (30 min)
 - 1.00 pm *News* (20 min)
 - 1.30 pm *Children's* (30 min)
 - 2.00 pm *News* (20 min)
 - 2.30 pm *Children's* (30 min)
 - 3.00 pm *News* (20 min)
 - 3.30 pm *Children's* (30 min)
 - 4.00 pm *News* (20 min)
 - 4.30 pm *Children's* (30 min)
 - 5.00 pm *News* (20 min)
 - 5.30 pm *Children's* (30 min)
 - 6.00 pm *News* (20 min)
 - 6.30 pm *Children's* (30 min)
 - 7.00 pm *News* (20 min)
 - 7.30 pm *Children's* (30 min)
 - 8.00 pm *News* (20 min)
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 - 9.00 pm *News* (20 min)
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 - 10.00 pm *News* (20 min)
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